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**FINAL NOTICE**

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**To:** **Kasim Garipoglu**  
**IRN:** **KXG01306**  
**Date:** **13 March 2026**

**1. ACTION**

- 1.1. For the reasons given in this Final Notice, the Financial Conduct Authority (“the Authority”) hereby makes an order prohibiting Kasim Garipoglu (“Mr Garipoglu”) from performing any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm pursuant to section 56 of the Financial Services and Markets Act 2000 (“the Act”).
- 1.2. The Authority issued a Decision Notice (“the Decision Notice”) to Mr Garipoglu on 4 March 2025. On 29 April 2025, Mr Garipoglu referred the matter to the Upper Tribunal (Tax and Chancery Chamber). On 4 February 2026, Mr Garipoglu’s Tribunal reference was struck out. Given the strike out, this Notice is drafted in substantially the same terms as the Decision Notice and reflects the Authority’s findings at the time of the Decision Notice.

## **2. SUMMARY OF REASONS**

- 2.1. Mr Garipoglu is a Turkish national with wide-ranging global business interests including in financial services firms that have been active in the regulated financial services industry in the UK.
- 2.2. Mr Garipoglu is the ultimate beneficial owner of Company A and Company B. Company A was an authorised person and, during the Relevant Period (18 April 2012 until 12 December 2022), provided online financial trading of FX and CFDs. Company B was authorised by the Authority as an authorised e-money institution from March 2016 until its authorisation was revoked in July 2018.
- 2.3. During the Relevant Period, Mr Garipoglu held controlled functions at Company A, namely as Chief Executive (CF3) and Director (CF1), and he was also the sole or dominant member of the Board of Directors.
- 2.4. The Authority considers that Mr Garipoglu's conduct during the Relevant Period demonstrates that he lacks honesty and integrity. The key aspects of Mr Garipoglu's conduct which demonstrate that he lacks honesty and integrity are as follows:

(1) The Authority has identified documentary evidence over the period April 2012 until August 2015 which shows that Mr Garipoglu, in the course of his role at Company A and whilst an approved person at that firm, communicated with his staff in a manner that was highly inappropriate in the context of the level of responsibility he possessed. In this evidence, which comprises a significant number of email chains, Mr Garipoglu expressed views which, amongst other things, demonstrate:

- a) A disregard for AML and compliance obligations and general regulatory requirements.
- b) A disregard for the advice and views of AML and compliance personnel.
- c) A willingness to instruct a course of action either: (i) without an honest and reasonable belief that it is compliant with regulatory requirements (including AML obligations); or (ii) being reckless as

to whether or not that course of action is compliant with such requirements.

d) A willingness to run a serious risk of breach of regulatory requirements (including AML obligations), or actually breach such requirements, in order to try to achieve a commercial advantage. Further, these views demonstrate a willingness by Mr Garipoglu to do so on the basis of, amongst other things, a calculated assessment of the potential commercial benefit to be derived from that course of conduct as compared to the perceived risk of detection and the size of any resultant penalty.

e) Positive encouragement for excessive risk-taking in relation to regulatory compliance and applause for staff who prioritised profitability at the expense of regulatory compliance.

(2) In the course of his role at Company A, on a significant number of occasions, Mr Garipoglu also misled, overruled and undermined compliance personnel, including senior AML and compliance professionals, and the UK management of that firm.

(3) Accordingly, rather than espousing the correct culture and behaviours at Company A, Mr Garipoglu contributed to an environment in which, amongst some staff (either directly employed by Company A or employed by other companies controlled by Mr Garipoglu), there was a disregard for AML and compliance obligations and general regulatory requirements, and a willingness to openly express views of a highly inappropriate nature to senior managers.

(4) In addition, between February 2013 and December 2022, Mr Garipoglu deliberately sought to mislead the Authority and other regulatory bodies by providing false and/or misleading documentation or information in relation to, amongst other things:

a) Compulsory AML training which he falsely claimed to have undertaken (maintaining that he had taken a test himself despite there being a clear documentary audit trail showing that he asked someone else to take it for him).

- b) The creation and use of a forged utility bill which purported to evidence the London residence of a Turkish employee of Company A with whom Mr Garipoglu falsely claimed to have lived.
- c) His university education given that, in reality, Mr Garipoglu did not graduate from university.
- d) An application for authorisation by Company B in respect of which Mr Garipoglu (as its ultimate beneficial owner) provided answers to questions that he knew to be false on his Qualifying holding (Controller) Individual form ("the Controller Form") which was submitted to the Authority as part of the application for authorisation.

2.5. Whilst the Authority acknowledges that the conduct summarised at paragraphs 2.4(1) to 2.4(3) above, which occurred during Mr Garipoglu's tenure as an approved person at Company A, dates back to the period April 2012 until August 2015, more recently (at interview with the Authority and in submissions made on his behalf to the Authority over the period November 2018 to December 2022), Mr Garipoglu maintained that there was nothing improper about his communications with staff which, in his opinion, in fact constituted "*good governance*". Although following receipt of the Warning Notice, Mr Garipoglu now accepts that (save for the conduct set out at paragraph 2.4.(4)(d) above) he acted improperly, given that Mr Garipoglu had repeatedly stood by rather than recanted of, his conduct, the Authority considers that the passage of time does not in any way alleviate its concerns in this area.

2.6. The Authority expects regulated firms to demonstrate a culture that supports effective regulation and also expects senior management at those firms to lead from the top in this regard by setting a positive example to colleagues. Mr Garipoglu's seniority meant that he was responsible for setting the appropriate tone from the top within Company A and he was obliged to act in a manner which supported both his and the firm's compliance and regulatory responsibilities. Mr Garipoglu failed to set the right example to his colleagues during his tenure as CF3 and CF1 and, far from embedding a culture of compliance, the Authority has identified a significant number of occasions in which he positively encouraged serious misconduct amongst colleagues.

- 2.7. In particular, at Company A, Mr Garipoglu's focus was on the generation of clients and revenue, and he made it clear to his staff on a significant number of occasions that he considered regulatory compliance to be an inconvenience that should either be ignored or circumvented. This attitude saw him engage in, and encourage others to engage in, conduct which undermined compliance personnel and put Company A at serious risk of being in breach of regulatory requirements (including AML obligations).
- 2.8. Furthermore, in assessing an individual's honesty and integrity, the Authority has regard to (amongst other things) whether, in the past, that individual has been candid and truthful in all his dealings with any regulatory body. As referred to at paragraph 2.4(4) above, Mr Garipoglu has failed to be candid and truthful in his dealings with the Authority (and other regulatory bodies) by repeatedly and deliberately providing the Authority (and other regulatory bodies) with false and/or misleading information and documentation.
- 2.9. As a result of his conduct taken as a whole, the Authority considers that Mr Garipoglu is not a fit and proper person on the basis that he lacks honesty and integrity and, further, the Authority considers that he poses a risk to consumers and to the integrity of the UK financial system. The Authority has therefore made an order prohibiting Mr Garipoglu from performing any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm pursuant to section 56 of the Act.
- 2.10. In this Notice, the Authority makes no criticism of either Company A or Company B (aside from through their association with Mr Garipoglu) or any other employees of either of those firms.

### **3. DEFINITIONS**

- 3.1. The definitions below are used in this Notice:

"the Act" means the Financial Services and Markets Act 2000

"AML" means anti-money laundering

"the Authority" means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority

"CFDs" mean Contracts for Differences, which are high-risk derivative products including spread betting and rolling spot foreign exchange

"Company A" was an authorised person and, during the Relevant Period, provided online financial trading of FX and CFDs

"Company B" was authorised by the Authority as an authorised e-money institution from March 2016 until its authorisation was revoked in July 2018

"Competitor A" is a competitor of Company A

"Competitor B" is a competitor of Company A

"Competitor C" is a competitor of Company A

"Competitor D" is a competitor of Company A

"Competitor E" is a competitor of Company A

"Competitor F" is a competitor of Company A

"the Competitor Model" refers to the understanding within Company A of Competitor A's process for opening new customer accounts and onboarding new customers before confirming the identity of those customers, which Company A sought to emulate

"Compliance Consultant A" means an independent compliance consultant used on occasion by Company A

"the Controller Form" means the Qualifying holding (Controller) Individual form signed by Mr Garipoglu and submitted as part of the application for authorisation of Company B on 14 August 2018

"FIT" means the Fit and Proper test for Employees and Senior Personnel as set out in the Handbook

"FX" means foreign exchange trading which is the trading of one currency for another

"the Handbook" means the Authority's Handbook of rules and guidance

"the London Head Office Compliance and Management Team" means Company A's compliance and management team based in the UK at Company A's Head Office in London

"MAM" means multi-account manager

"MLRO" means Money Laundering Reporting Officer

"the Payment System" means a system for taking online payments from Company A's customers

"the RDC" means the Regulatory Decisions Committee of the Authority (see further under Procedural Matters below)

"the Relevant Period" means 18 April 2012 until 12 December 2022

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber)

"Turkey Branch Employee A" means an employee of Company A who was based in the Turkey Branch Office during the Relevant Period

"the Turkey Branch IT Manager" means a manager employed by Company A who was based in the Turkey Branch Office during the Relevant Period who dealt with IT issues

"Turkey Branch Manager B" means a manager employed by Company A who was based in the Turkey Branch Office during the Relevant Period

"the Turkey Branch Office" means Company A's branch offices which were located in Istanbul, Turkey

“Turkey Branch Senior Manager C” means a senior manager employed by Company A who was based in the Turkey Branch Office during the Relevant Period

“Turkey Branch Senior Manager D” means a senior manager employed by Company A and other group companies who was based in the Turkey Branch Office during the Relevant Period

“the Warning Notice” means the warning notice given to Mr Garipoglu dated 30 July 2024

#### **4. FACTS AND MATTERS**

##### **Background**

##### Mr Garipoglu

- 4.1. Mr Garipoglu is a Turkish national and has wide-ranging global business interests including in financial services firms that have been active in the regulated financial services industry in the UK. Mr Garipoglu does not currently hold any controlled functions but at various times, as stated above, held the CF3 and CF1 controlled functions at Company A, of which he is also the ultimate beneficial owner. Mr Garipoglu is also the ultimate beneficial owner of Company B.

##### Company A

- 4.2. Company A is a limited liability company incorporated in England and Wales, and it was authorised by the Authority. It is a financial services company which, during the Relevant Period, provided online financial trading of FX and CFDs and offered services primarily to retail customers located in the UK and in multiple jurisdictions around the world.
- 4.3. Company A is part of a global group of companies owned by Mr Garipoglu. During the Relevant Period, Company A was structured such that its Head Office was in London and it had a number of overseas Branch Offices in Turkey, Dubai and various locations across Europe. The London Head Office was where Company A’s compliance personnel, including senior AML and compliance professionals, and the UK management (the London Head Office Compliance and Management Team)

were located. In this way, the London Head Office was meant to oversee regulatory compliance across the company and this included the onboarding of customers by the overseas Branch Offices.

4.4. The Turkey Branch Office acted as the “*operations centre*” of Company A and it, along with other Turkey-based companies owned by or connected to Mr Garipoglu, provided the IT infrastructure for Company A, including the operation of the company website (which was published in various different languages in order to be accessible globally), software design and technology development. In addition, the Turkey Branch Office was the focal point for global business development and new marketing strategies. The other Branch Offices were smaller than the Turkey Branch Office and tended to be comprised of a Country Manager (who was the most senior person in the Branch Office) and a relatively small number of locally employed sales staff.

4.5. At Company A, Mr Garipoglu was the most senior person and the ultimate decision-maker, reflecting the fact that:

(1) He was the sole or dominant member of the Board of Directors from the outset of the Relevant Period (18 April 2012) until his resignation as a Director in October 2017.

(2) He held the CF3 (Chief Executive) controlled function from the outset of the Relevant Period until May 2015.

(3) He held the CF1 (Director) controlled function from the outset of the Relevant Period until October 2017.

(4) Throughout the Relevant Period, he was the ultimate beneficial owner of Company A and the broader group of which it was a part.

4.6. Thus, in effect, Mr Garipoglu either alone or in tandem with another individual comprised the senior management of Company A for much of the Relevant Period.

4.7. In this way, Company A’s management team was split over two locations, namely London and Turkey, and this was the cause of a recurring concern on the part of the London Head Office Compliance and Management Team. In short, they felt that there was a “*them and us*” attitude whereby they were marginalised by the

Turkish side of the business, as illustrated by the inappropriate email communications which are described at paragraphs 4.13 to 4.130 below.

#### Commencement of the Authority's investigation into Mr Garipoglu and Company

##### A

- 4.8. In July 2017, the Authority commenced investigations into the conduct of Mr Garipoglu, two of his associates, and Company A, due to concerns it had about Company A's ability to comply with AML requirements. The investigations were initially both criminal and regulatory. The criminal investigation into Mr Garipoglu was discontinued with no further action on 6 August 2020 but the regulatory one continued, culminating in this Notice.
- 4.9. In the context of these investigations, the Authority has identified a significant number of email chains over the period April 2012 until August 2015 in which Mr Garipoglu communicated with his staff at Company A and in the Branch Offices in a highly inappropriate manner.
- 4.10. As described above, at the time of these inappropriate communications, Mr Garipoglu was the dominant figure and key decision-maker within Company A and held the CF3 and CF1 controlled functions. A recurring theme which occurred on numerous occasions, as illustrated by the inappropriate communications, involved the London Head Office Compliance and Management Team being placed under pressure by Mr Garipoglu to do what he wanted, despite often holding deep reservations about what he was asking them to do. As a result, it was frequently necessary for them to try to ensure that Mr Garipoglu's instructions did not result in Company A carrying out actions that would have been unlawful and/or in breach of regulatory requirements. However, on many occasions, Mr Garipoglu simply ignored their advice and concerns, without providing any reasonable justification for doing so, and insisted upon Company A pursuing his preferred course of action.

#### **Email chains over the period April 2012 until August 2015 in which Mr Garipoglu communicated with his staff in a highly inappropriate manner**

- 4.11. Set out below at paragraphs 4.13 to 4.130 are details and relevant extracts of certain emails sent by Mr Garipoglu (and the exchanges of which they form part), during the period April 2012 to August 2015, in the course of performing his senior roles at Company A. The Authority does not contend these emails represent all

the inappropriate communications sent by Mr Garipoglu during this time; rather, they are a sample.

- 4.12. As the email exchanges are episodic in nature, in order to best illustrate: (i) the serious nature of Mr Garipoglu's inappropriate interactions with his staff; (ii) the context in which such communications arose; and (iii) the fact that these inappropriate interactions were ongoing and reflected a pattern of behaviour (as opposed to being isolated incidents), set out below at paragraphs 4.13 to 4.47 and paragraphs 4.52 to 4.62, respectively, are detailed analyses in relation to two such episodes (namely in relation to "the Competitor Model" and "the Payment System"). In the following paragraphs 4.64 to 4.130 there is a chronological summary encompassing numerous other episodes which occurred between April 2012 and November 2014.

Introduction of the Competitor Model of onboarding new customers against the advice of the London Head Office Compliance and Management Team

*Summary*

- 4.13. Over a period of 18 months, from February 2013 until the onboarding process changes were reversed in the summer of 2015, Mr Garipoglu placed considerable pressure on the London Head Office Compliance and Management Team to install and embed the Competitor Model of onboarding new customers. This was despite their repeated warnings that it fell far short of regulatory and legal requirements concerning AML and that it would expose Company A to regulatory action by the Authority.
- 4.14. The Competitor Model was a process for onboarding new customers based on a practice that Mr Garipoglu had observed at a competitor company (Competitor A). It became operational at Company A in December 2013, as explained below. The practice which Mr Garipoglu had observed was summarised in Company A's 2014 to 2015 MLRO Report (issued after the Competitor Model had been abandoned), as follows:

*"The [Competitor Model] was simply another company who were opening accounts immediately with no due diligence, KYC or AML checks, but doing so later if the client made a withdrawal."*

*Origin of the idea*

- 4.15. In February 2013, Mr Garipoglu and Turkey Branch Senior Manager C introduced the idea of Company A copying the Competitor Model of onboarding which would permit Company A's customers to commence trading without verifying who they were (with a view to increasing numbers of new customers).
- 4.16. The immediate reaction of Senior Member A of the London Head Office Compliance and Management Team to this proposal was to say:

*"I think this is bollox [sic] and unworkable and not something we should be doing.*

*This is now Turkeys [sic] latest 'bee in their bonnet' and they think this will transform the business*

*It will not.. it will make it a complete and utter nightmare".*

- 4.17. Mr Garipoglu wanted to know why a competitor which was regulated by the Authority could use the Competitor Model but Company A could not, stating:

*"My aim is not to break any law but be sure that it will be pushed to the limit ..."*

- 4.18. Senior Member B of the London Head Office Compliance and Management Team also opposed the idea and explained to Mr Garipoglu why Competitor A's interpretation of the Authority's rules was wrong, concluding:

*"It is a misinterpretation of an fsa [now FCA i.e. the Authority] rule that allows for a customer to deposit once and a limited amount of money for 1 repeat ONE transaction. Some companies have tried to use this rule by interpreting the deposit as one transaction. It is wrong.*

*...*

*This type of deposit will NEVER and I repeat NEVER happen within the FSA side [i.e. the UK regulated side of the business]".*

4.19. When Mr Garipoglu instructed Turkey Branch Senior Manager A to proceed with setting up the Competitor Model in an overseas jurisdiction, Senior Member C of the London Head Office Compliance and Management Team stated:

*"... from compliance side clearly it is illegal to accept clients without first knowing their true identity".*

4.20. On 20 February 2013, Senior Member A of the London Head Office Compliance and Management Team explained in an email to Mr Garipoglu why he opposed the Competitor Model and why it would not work from an AML compliance perspective, concluding:

*"So to sum up, [names 4 Senior Members of the London Head Office Compliance and Management Team] are all vehemently against us changing the procedures for accepting clients on-boarding and offering any shortcuts to depositing money. So this will not be approved."*

4.21. Mr Garipoglu's motivation for continuing to insist upon the introduction of the Competitor Model was to increase the number of new customers that Company A was able to onboard. This was due, in part, to a perception at the Turkey Branch Office that the standards imposed by the London Head Office Compliance and Management Team were adversely impacting the number of new customers onboarded.

4.22. During the ongoing discussion about the Competitor Model, Senior Member A of the London Head Office Compliance and Management Team continued to express doubts about the legality of the proposal, stating: *"You have got to understand that AML is the single most serious thing in the world right now!"*. Far from echoing this view, Mr Garipoglu's response was to remove Senior Member A from the email chain and say to Senior Member B of the London Head Office Compliance and Management Team (who was also opposed to the introduction of the Competitor Model) and Turkey Branch Senior Manager C (who was in favour of it) that: *"Aml is the most idiotic [sic] thing I have ever heard in my business life , If I need to lounder [sic] money why the hell I would come to a broker where there are millions of other ways to do"*.

- 4.23. In October 2013, Senior Member B of the London Head Office Compliance and Management Team sent Mr Garipoglu a legal opinion in relation to the onboarding model used by Competitor A. However, Mr Garipoglu refused to read it, stating:

*"Not reading it, hope we didn't waste money on it, if [Competitor A] is doing it we are doing it as well,*

*If our situation was not as today, uk would have more credit to back me off, but all those credits have been used".*

- 4.24. Mr Garipoglu then directed that the Competitor Model be adopted across Company A, stating:

*"this discussion will end today , the decision to follow [the Competitor Model] is given .*

*any one who thinks its not right or correct or against the law can file a complain... so its time for the old London mind set to change to effective isreali [sic] internet minded work flow .*

*how good our compaliance [sic] will do their job will be determined by when/if .hit [shit] hits the fan , if we get away with no fine , or something acceptable than [sic] it means as a team we have done a good job , but no if our systems , compliance documantations [sic] , procedures etc will kill us that means it has done a bad job ... ."*

- 4.25. Senior Member B of the London Head Office Compliance and Management Team responded by setting out 18 reasons why he opposed the introduction of the Competitor Model and stating that: *"Companies like ours must have a governance structure, we have none but you and that is unacceptable, no one in the firm wants to do this because you are wrong"*. Mr Garipoglu was unmoved, stating *"not doing it is not an option"* and thereby Senior Member B of the London Head Office Compliance and Management Team felt under pressure to agree that *"I will try and be flexible and meet you at a point where we can deliver the model that you want within the bounds of our technology and at the edge of regulation"*. By this time, Mr Garipoglu and Turkey Branch Senior Manager C had already directed Company A's technical specialists to push forward with the design of the new onboarding process.

4.26. Mr Garipoglu maintained the pressure on his London Head Office Compliance and Management Team to introduce the Competitor Model. On being told by Senior Member B of the London Head Office Compliance and Management Team on 1 November 2013 that it would take 4 to 6 weeks before it could be operational, Mr Garipoglu commented:

*"First and most , [the Competitor Model] is not going to take 4-6 weeks , [a Turkish colleague] and his team will finish their part by Tuesday , and pls tell [Senior Member A of the London Head Office Compliance and Management Team] to do his as well , he can stop what ever he is doing , and put secondary , this project is not that wanted from uk as we all know , but getting it done and live , will help the company and also the mind set for the future that if its done by successfull [sic] other operators , we as [Company A] don't think and waste time we do it . basically it's a sign that compliance comes second than the business . what I am trying to achieve here is that our teams mind set is in this way as well not just mine , thank you ."*

4.27. Opposition from the London Head Office Compliance and Management Team did not end at this point. Senior Member A of the London Head Office Compliance and Management Team stated that he remained "*vehemently opposed*" to the project, as were Senior Members B and C, and they continued to make their feelings known to Mr Garipoglu. For example, on 27 November 2013, Senior Member B of the London Head Office Compliance and Management Team emailed Mr Garipoglu and told him:

*"It is illegal and it is wrong but you have ignored all advice from your managers. The responsibility is fully yours.*

*I will send the comments detailing failiure [sic] in AML and KYC later today."*

4.28. On the same date, Senior Member B of the London Head Office Compliance and Management Team sent Mr Garipoglu (and Turkey Branch Senior Manager C) a report he had asked an independent compliance consultant (Compliance Consultant A) to produce on the Competitor Model. This was a report Senior Member B had obtained himself and it was not commissioned at the direction of Mr Garipoglu. In producing his report, Compliance Consultant A concluded that the onboarding process used by Competitor A: "*shows significant AML and FCA*

*rule and guideline breaches that will, in time, lead to a further review and potential fine by the FCA".*

- 4.29. In his email to Mr Garipoglu attaching the report, Senior Member B of the London Head Office Compliance and Management Team made clear that his views and those of the "UK management" had been overruled by Mr Garipoglu and he hoped that by the time Competitor A was fined by the Authority for using the onboarding model, Company A would have reverted back to its previous onboarding process. Mr Garipoglu responded on 2 December 2013, stating:

*"That's fine lets move on ,*

*Please prepare and make sure we have documents for the defence and steps we take etc etc , when it comes to defence time ,*

*If we get the same or below penalty , well done , if not our compliance have failed ."*

#### *Introduction of the Competitor Model*

- 4.30. The Competitor Model was adopted by Company A in December 2013. It had a number of modifications from that used by Competitor A, which had been insisted upon by the London Head Office Compliance and Management Team (for example, see paragraphs 4.33 and 4.38 below), but it still permitted an individual to place funds with Company A before it had confirmed the individual's identity. The initial introduction caused numerous practical problems and delays for the business and Senior Member B of the London Head Office Compliance and Management Team complained to Mr Garipoglu on 10 December 2013 that:

*"You as director and CEO and CFI have overruled everybody so we have adopted the [Competitor Model] you will get fined as well as will the firm, this is the business and personal risk you have accepted, we are executing as you required.*

*... And by the way, when [Competitor A] gets done for money laundering AMI [AML] Issues ... you are going to buy me a bottle of 56 Margaux"*

- 4.31. Mr Garipoglu responded on the same day showing a lack of concern about the regulatory consequences of what he had put in train:

*"Personal fine , I don't give a damm [sic], company I do ,*

*I will buy the bottle if*

*[Competitor A] gets 2 dollar fine and we get 1*

*[Competitor A] gets 2 dollar fine and we get 2*

*And not buy and question the ability if*

*[Competitor A] gets 2 dollar fine and we get 3".*

- 4.32. In a follow-up email on 10 December 2013, Mr Garipoglu added:

*"Same features as [Competitor A], same user friendless [sic: friendliness] as them , smaller fine would be perfect , I am ok with this risk".*

- 4.33. Senior Member A of the London Head Office Compliance and Management Team met considerable resistance from a junior employee from the Turkey Branch Office (who had been tasked with actioning the technical changes required to implement the Competitor Model on the website) to his direction that, in accordance with Company A's normal procedures, risk warnings for inexperienced traders had to be sent in such a way that they could not easily be overridden by the customer. In this situation, Mr Garipoglu supported his junior employee and not Senior Member A, insisting that Competitor A's approach should be followed and stating, on 10 December 2013:

*"[Competitor A] is reputable , good company and compliant , until we are bigger we will follow them , take the same risks and business deceions [sic]*

*,*

*Until proven guilty every one is innocent ,*

*And I can write a book about why they are successful , but their numbers speaks for them self , they are the rising star"*

- 4.34. Supported by Mr Garipoglu, the junior employee maintained that he wanted to follow a process that Senior Member A considered to be improper and accordingly Senior Member A told the employee on 11 December 2013:

*"Providing a risk box that an applicant can simply tick to override the fact that they have no experience is not compliant ... If we go down your road (which even the morons at [Competitor A] have not done) is wrong, not legal, will lead to us definitely being fined by the FCA and will open us up to all sorts of legal issues if a client loses a load of money as they can simply claim we should not have opened the account in the first place, and we will be forced to give back their losses."*

- 4.35. Mr Garipoglu responded to this email on 11 December 2013, again undermining Senior Member A, as follows:

*"Anything better than [Competitor A] and USER FRIENDLY I am fine , anything making the process harder I am not , in doubt lets follow their route , i would personally prefer to be the king of the morans [sic] and be in their position rather than being a small compliant london broker , which is normality and normality sucks"*

- 4.36. Senior Member A of the London Head Office Compliance and Management Team was so concerned with the introduction of the Competitor Model that he put his formal objection to Mr Garipoglu in writing on 13 December 2013 with a plea that the decision be reversed:

*"I regrettably have no option but to send you this email to clarify for the record and once again make it abundantly clear to you what the connotations are for the recent decision you have taken with regards to our account opening procedures.*

*You have decided to totally ignore the advice of [Senior Members of the London Head Office Compliance and Management Team]. In addition to that you have also ignored third party advice from [Compliance Consultant A], an independent Compliance Consultant.*

*We have also had advice from other Compliance and legal experts in the field, all who have said the same thing, and that is the new account opening*

*procedures implemented by you are not legal and are a total breach of our regulatory and legal obligations.*

*Your argument that because one of our competitors, [Competitor A], does it so therefore we can is totally flawed and incorrect, and does not mitigate [Company A's] liability in this matter or those of all individuals who are personally liable both financially and professionally and who could also face a criminal conviction.*

*If you are driving at 100mph down a motorway following another car and the Police pull you over, the defence that you were just following the car in front does not work.*

*The issues that need to be resolved are simple. With immediate effect we need to return to the previous account opening procedures, which were compliant and not overly cumbersome for applicants ...*

*...*

*You have put [Company A] and its entire staff on a collision course with the FCA who will end up fining us as a company and as individuals as well as the possibility of criminal proceedings for poor anti money laundering procedures. You as CEO, together with [Turkey Branch Senior Manager C] have forced through the changes we now have despite the numerous objections from the management in London, and as such will be inherently liable on a personal level to the UK authorities ...*

*I would urge you one last time to reconsider the decisions you have made and allow [Company A] to go back to its previous legal and compliant account opening process. The failure to do so will put [Company A] in danger and all its employees especially those registered with the FCA and especially you.*

*... This is not just about breaking a minor regulation where we might get a slap on the wrist; this is huge and also has criminal implications."*

- 4.37. However, this did not deflect Mr Garipoglu from his chosen course of action and he forwarded the above email to a relative on the same day and commented (in Turkish):

*"I will clearly write that no we continue and anyone who doesn't like it may leave ?"*

- 4.38. On 21 December 2013, Senior Member A of the London Head Office Compliance and Management Team emailed Mr Garipoglu in relation to the attitude of the junior employee from the Turkey Branch, who was still resisting their requested "two minor changes" to the Competitor Model (including the one about risk warnings referred to at paragraph 4.33 above), commenting:

*"These two things make something that is a complete and utter legal farce, less so, and will help to mitigate us and [Company A] when the FCA fine us ... and believe me that WILL happen."*

On the following day he added:

*"When we are pulled by the FCA on this account opening process, and you are going to have to realise that this will happen, this minor added step will help mitigate the problems we face ... You want to take risks ... WE ARE... massive. Opening an account without knowing or verifying who they are is against all AML procedures."*

- 4.39. On 2 April 2014, Senior Member A of the London Head Office Compliance and Management Team, in the face of significant financial pressures on the business, asked Mr Garipoglu to abandon the Competitor Model stating:

*"I will advise you once more to please stop pushing [the Competitor Model] as the model to follow. I understand why but they are in for a fall".*

Mr Garipoglu refused stating:

*"... until [Competitor A] are shut down , I cant do it , its beyond anything else , its personal dna characteristics [sic], my mind set can not be changed , if I believe I can do it , support it , than I cant hold back myself trying when I see their profits , my type of people don't care if its right or wrong ...".*

- 4.40. The MLRO Report for the period August 2013 to June 2014, issued on 1 June 2014 when Mr Garipoglu was still pressing forward with the Competitor Model, was critical of the process change that had been made, stating:

*"It was decided to use a method called internally as the [Competitor Model] account opening. This means that a client could open, fund and trade on an account with[out] providing any documentation to prove they were legitimate. This is now in place in all areas of the business except the UK and Germany ... This is a decision the UK management team were against, however were over-ruled by the owner and Managing Director (KG [Mr Garipoglu] and [Turkey Branch Senior Manager C]). On their request, legal consultation was provided by [Compliance Consultant A] and clearly advised against the new process, but again this was ignored ... This is deemed a high risk strategy and one [which] enables clients without documentation to fund and trade".*

*Warnings that Competitor A was being investigated by the Authority*

- 4.41. In September 2014, Compliance Consultant A informed Senior Member B of the London Head Office Compliance and Management Team that Competitor A was under scrutiny by the Authority for issues relating to its customer due diligence and account opening model. This was flagged to Mr Garipoglu by Senior Member B of the London Head Office Compliance and Management Team who observed that *"We knew this would happen, just not when"* and asked Senior Member A of the London Head Office Compliance and Management Team to comment. Senior Member A then emailed Mr Garipoglu stating:

*"... I seem to remember that it was agreed by all that if (and when) [Competitor A] got into trouble then we would revert back to our original compliant and legal account opening procedures!*

*As things stand, will we be fined? Almost definitely, but that is a business risk which Turkey [i.e. Mr Garipoglu and Turkey Branch Senior Manager C] believed was worth taking.*

*... [Company A] is knowingly breaking international law and the only course of action is to revert back to the previous account opening procedures, which are compliant and legal before we are caught!"*

- 4.42. However, Mr Garipoglu did not take heed of this advice so Senior Members A and B of the London Head Office Compliance and Management Team tried to reverse the imposition of the Competitor Model again in October 2014. Senior Member A emailed Turkey Branch Senior Manager C on 2 October 2014, copying in Mr Garipoglu, stating:

*"... we are still dealing with clients who we have not verified, ie we are dealing with people when we do not know who they are as we have not confirmed it – THAT IS ILLEGAL*

*... We need to revert back to the proper and correct account opening procedures, now, not in a few months".*

- 4.43. This was echoed by Senior Member B of the London Head Office Compliance and Management Team on 3 October 2014, who said:

*"The real issue does not change FCA accusing [Competitor A] of opening a business relationship with someone they have not verified.....and that is illegal*

*Lets try not leave it to the last minute to revert back, the signs are clear the outcome is guilty, the only thing that is undecided is how big their fine will be".*

- 4.44. Despite the clear and repeated concerns expressed by the London Head Office Compliance and Management Team, no changes to the process were made at this time.

- 4.45. Eventually in mid-2015 Mr Garipoglu did permit the London Head Office Compliance and Management Team to change Company A's onboarding process back to how it had been before the introduction of the Competitor Model. This was noted in the MLRO Report for 2015 which stated:

*“Despite enormous and ill-founded pressure from the board, Compliance and senior management resisted all attempts for [Company A] to adopt the [Competitor Model] of account opening although we made few minor concessions which have now been reversed.*

*The [Competitor Model] was simply another company who were opening accounts immediately with no due diligence, KYC or AML checks, but doing so later if the client made a withdrawal. They wrongly, through ignorance, greed and total ineptitude, assumed that this was fine, and opened thousands of accounts on the back of it.*

*The Board of [Company A] put enormous pressure on the Compliance department to allow this type of account opening at [Company A] as well, but we refused pointing out that it was illegal and [Competitor A] would get in trouble whether they were regulated by the FCA or not.*

*...*

*This once again goes to show the value of the management team at [Company A] and that the board, who it seems at times will try to copy anyone else because of the “if they are doing then why can’t we approach”, need to trust and listen to the people who know what they are doing, which in this case may well have saved [Company A] from ruin or substantial problems if we had gone down that path”.*

4.46. The MLRO Report concluded:

*“If [Company A] had not completely abolished the ill thought out [Competitor Model] account opening process then I would be writing about that in this summary as a major cause for concern even with the additional safeguards we put in place at the time.*

*The Board need to understand the severity and necessity of AML procedures and must put aside their ‘make money at all cost’ approach to business as the risks involved DO NOT justify the potential returns and never will, unless of course they have a penchant for Prison and unlimited fines”.*

4.47. At the point the Competitor Model was abandoned, Company A had been following the process, against the advice of its entire London Head Office Compliance and Management Team, for over 18 months (between approximately December 2013

and June 2015). Those individuals' objections had been made clear to Mr Garipoglu numerous times before and during that period, yet he refused to accept their clearly stated position, demonstrating his disregard for AML/compliance obligations and the advice of his London Head Office Compliance and Management Team, as well as showing how he prioritised the generation of customers and revenue over regulatory compliance.

*Mr Garipoglu's post-event comments on his conduct in the context of the Competitor Model*

- 4.48. Mr Garipoglu's own view of his conduct in the context of the Competitor Model has repeatedly been communicated to the Authority, at interview and in written and oral representations. In short, prior to the issue of the Warning Notice, far from thinking that there was anything inappropriate about his interactions with the London Head Office Compliance and Management Team in relation to the Competitor Model, Mr Garipoglu consistently maintained that his conduct constituted "good governance". For example, in his interview with the Authority on 20 November 2018, Mr Garipoglu asserted that:

*"We had constant, constant discussions ... which is normal, perfectly normal. It's very good, it shows good governance that its Directors and managements are discussing about what can be done, what cannot be done and it's all under the laws" and that "everything was done in a proper, compliant, AML manner and in a good governed company".*

- 4.49. Likewise, written representations for Company B submitted on Mr Garipoglu's behalf, dated 17 November 2020, asserted that:

*"He is challenging his senior managers on the extent to which the firm's business activities can be both compliant and competitive ... He makes several references to the importance of compliance, stating that his aim was not to break the law, and that he had total agreement with compliance requirements".*

- 4.50. Mr Garipoglu also denied he put pressure on the London Head Office Compliance and Management Team, stating on 7 December 2018 that:

*" ... "discussion" not pressure would be the right word. It shows good governance that management gets advice and discuss the subject. We did not overrule, we took [Senior Member B] and [Senior Member A's] views into account and the Board then decides. The conversation went on for months, and this shows the Board listens and respects what management says and did not overrule. Also, in the end, we agreed on our own lawful and compliant method of account opening i.e. a modified model of [Competitor A's] account opening model"*

- 4.51. In this way, despite having had ample opportunity to reflect on his behaviour in the context of the Competitor Model, Mr Garipoglu consistently refused to accept any culpability on his part.

Introduction of Payment System against the advice of the London Head Office Compliance and Management Team

- 4.52. In 2014 and 2015, Mr Garipoglu directed that Company A install a system for taking online payments from Company A's customers (the Payment System) onto its website, against the advice of the London Head Office Compliance and Management Team.
- 4.53. Mr Garipoglu tasked an individual who worked as an IT Manager in the Turkey Branch Office (the Turkey Branch IT Manager) with taking this project forward. That individual liaised with the London Head Office Compliance and Management Team with a view to adopting the Payment System and including it on Company A's website. During September and October 2014, the proposal to add the Payment System was opposed by various members of the London Head Office Compliance and Management Team, including Senior Members A and B, on various grounds including the following:

- (1) the Payment System did not support FX brokers such as Company A;
- (2) Company A could not use the Payment System as Company A itself was not Payment Card Industry ("PCI") compliant at that time; and
- (3) it raised AML concerns (specifically around tracing and monitoring where the funds paid originated from).

4.54. On 8 October 2014, Senior Member A of the London Head Office Compliance and Management Team gave a stark example of the AML issues facing Company A if the Payment System was adopted, describing the difficulties which would be involved in keeping track of where funds originated from such that Company A could be *"laundering money for Al-Qaida"*. In light of this, Senior Member A stipulated that *"As things stand we will not be accepting [the Payment System]"*.

4.55. The Turkey Branch IT Manager forwarded the above email chain to Mr Garipoglu (who had not previously been copied in) who then responded directly to Senior Member B of the London Head Office Compliance and Management Team on 22 October 2014, removing Senior Member A from the discussion and stating:

*"No need to write too much on this subject ,*

*Millions of other fca companies offers [the Payment System].*

*Either offer it in 1 months time max or we will change our compliance"*.

4.56. Senior Member B of the London Head Office Compliance and Management Team explained that, from his perspective, the only way that Company A could use the Payment System was through a third-party payment service provider. Mr Garipoglu showed little interest in such details, replying *"either way"* and stipulating that it was to go live without blockage from compliance.

4.57. On 27 October 2014, Mr Garipoglu emailed Senior Member B of the London Head Office Compliance and Management Team (but not Senior Member A), the Turkey Branch IT Manager and Turkey Branch Employee A stating:

*"... having [the Payment System] is mandorty [sic: mandatory], for us ... it shows we are innovative company and put customers options first than maybe compliance issues"; and*

*"The mind set should work like this ,*

*If other fca cos [companies] are offering it , no ideology / risk/ department or person should be able to stop us not offering"*.

4.58. Subsequently, when Senior Member D of the London Head Office Compliance and Management Team raised another potential problem concerning compliance with the Authority's client money rules if the Payment System was used, Mr Garipoglu became very frustrated. In a lengthy email, dated 27 October 2014, Mr Garipoglu made various comments to the London Head Office Compliance and Management Team, the Turkey Branch IT Manager and Turkey Branch Employee A, including the following:

*"A kind request , can you please take me out of this email loop .*

*Its bad for our business ,*

*Its bad for my morale ,*

*Its bad for my attitude .*

*Seeing competition miles away from us , and we, here , discussing the ways of how we can put it or not , while they are collecting dollars from it , is sad*

*I am crying from the beginning , if others and here the case of number of reputable big brokers , are doing it , means there is a way of doing it , than [sic] , do it first , and than [sic] figure it out what to say or how do they do it , which rule they take advantage of .*

*This company doesn't needs the intel , of 'should we do it or should we not do it' , this company needs the intel of 'they have done it , so let our guys do it , and let me figure out what the defence will be or which rule book they are taking advantage of or manipulating .*

...

*until a certain size , we are an online marketing company , nothing else , advertising , lead collecting and converting , we are not a financial institution , let the others be and feel like they are a bank , we are [Competitor A], we are [Competitor B] , AUTOMEATED [sic] MARKETING MACHINES .*

...

*what I have learned is that , build the business first , get the flow in , than [sic] you can tidy it up , no body pays your bills ,or gives you a clap , if there are no deposits or customers , but you are disciplined , compliant , organized , and all those other non monetary subjects ."*

4.59. Work then continued with various staff trying to find a way for Company A to set up and offer the Payment System. On 26 March 2015, Senior Member D of the London Head Office Compliance and Management Team, once again, advised caution as a result of concerns in relation to certain client money-related matters.

4.60. Mr Garipoglu responded on 30 March 2015, stating:

*"Personally this subject is a matter of positioning ourselves .*

*If other fca brokers , doing it , [Company A] does it as well ,*

*The message is we are not a conservative broker , we are an internet company ,*

*Either they are breaching and if they are we can also , or they have found a way , as a defence so we find it too".*

4.61. In a similar vein, on 21 August 2015, Mr Garipoglu sent the following email to Company A's Business Development and Payments Departments, also copying it to the London Head Office Compliance and Management Team, Turkey Branch Senior Manager C, Turkey Branch Employee A and the Turkey Branch IT Manager:

*"Dear bus dev and payments,*

*Although it is not my area anymore [Mr Garipoglu having stopped being CEO on 6 May 2015] , there are some fundamentals that annoys me a lot . and I am fedup with writing about this , we are not a conservative british fx/cfd firm like [names two UK authorised persons], we are an aggressive isreali fx/cfd firm that uses an fca license to convert clients .*

*What is the latest with [the Payment System] ?*

*Why do we not offer , the e-wallets , that are in [names two payment service providers] portfolio , which are offered by other fca brokers ?*

*We want all of them being offered on our dep/with options , and if others like [names two more payment service providers] etc that an achievement !!*

*This is physcological [sic: psychological], thing for me , having lost [the Competitor Model] opportunity, I want to at least say to myself , that , we offer other deposit options like the aggressive ones and push to the limit , seeing other fca brokers offering more methods than us , which is not hard thing to do , drives me crazy .*

*Our motto is , if two fca brokers are doing it , we are doing it , figure out the defence , no body is asking you to be the safest here . the spec for our jobs , is be aggressive push it to the limit . if it breaks you will get a thanks from me .*

*Let me know when its done”.*

- 4.62. Mr Garipoglu’s desire to push ahead against the advice of the London Head Office Compliance and Management Team in relation to the Payment System is another example of Mr Garipoglu putting pressure on colleagues to introduce an initiative because he considered it would generate revenue/customers for Company A. The fact that the London Head Office Compliance and Management Team, at various points, advised Mr Garipoglu that the initiative risked breaching regulatory requirements did not prevent him from doing what he wanted and putting commercial interests ahead of compliance requirements.

*Mr Garipoglu’s post-event comments on his conduct in the context of the Payment System*

- 4.63. Prior to the issue of the Warning Notice, and at interview and in representations made on his behalf to the Authority in the period November 2018 to December 2022, Mr Garipoglu consistently maintained that his interactions with staff at Company A regarding the Payment System were entirely proper, variously asserting that:

- (1) the communications he was having with the London Head Office Compliance and Management Team were “*perfectly normal*” and involved “*nothing untoward*”;

(2) he was "*urging his managers to explore what competing firms are doing in an apparently compliant manner*" and this was "*a reasonable dialogue between senior managers*"; and

(3) this was "*a perfectly lawful conversation*" in which he was saying "*Guys, do everything within the law*".

Summary of further email chains over the period April 2012 until November 2014 in which Mr Garipoglu communicated with his staff at Company A in a highly inappropriate manner

- 4.64. Set out below is a chronological summary of a significant number of additional email chains, encompassing numerous episodes of a miscellaneous nature, which occurred between April 2012 and November 2014. In these emails Mr Garipoglu communicated with his staff in a highly inappropriate manner during his time as a controlled function holder and the most senior person at Company A. The email chains are a sample and are not the only emails which show this type of behaviour on the part of Mr Garipoglu. Amongst other things, the inappropriate communications show Mr Garipoglu actively working in opposition to those within Company A who were attempting to embed and foster a compliance culture and evidence Mr Garipoglu positively advocating improper conduct whilst setting an extremely poor example to colleagues.

*Onboarding a high risk customer contrary to the advice of the London Head Office Compliance and Management Team*

- 4.65. In April 2012, Mr Garipoglu authorised Turkey Branch Senior Manager C to onboard an introducing broker in Dubai against the wishes of Senior Member A of the London Head Office Compliance and Management Team who had stated: "*This has money laundering written all over it*".
- 4.66. By way of background, the introducing broker in Dubai was seeking to open an account in his name to place trades with Company A on behalf of customers in an area of Jordan where obtaining proof of address, and sometimes even individual ID, was apparently not possible (and so incompatible with Company A's AML onboarding requirements). Turkey Branch Senior Manager C informed Senior Member A of the London Head Office Compliance and Management Team that he

wanted to onboard the introducing broker, who was already a customer of a competitor firm, Competitor C. However, Senior Member A was adamant that this would not happen due to the risk of money laundering and, further, stipulated that “*omnibus accounts*” would only be acceptable for reputable individuals or regulated companies. When Turkey Branch Senior Manager C complained to Mr Garipoglu about Senior Member A’s refusal to onboard the introducing broker, Mr Garipoglu stated, in Turkish:

*“Let’s open the account. In fact, being a customer of [Competitor C] is already enough for our KYC, in my opinion. I will talk with [Senior Member A of the London Head Office Compliance and Management Team] now”.*

- 4.67. In their subsequent discussion over email, Senior Member A reiterated his concerns to Mr Garipoglu, warning him that the arrangement would lead to Company A taking on anonymous clients which he considered to be an unacceptable risk. However, despite this, Mr Garipoglu immediately instructed Turkey Branch Senior Manager C to “*Go ahead pls*” with onboarding the introducing broker, directly against the express wishes of Senior Member A.

*Concocting false explanations with Turkey Branch staff to mislead the London Head Office Compliance and Management Team*

- 4.68. In August 2012, Mr Garipoglu repeatedly suggested to Turkey Branch colleagues that they should lie to the London Head Office Compliance and Management Team to hide the fact that a group company had been engaged in unlawful conduct which was potentially reportable to the Authority.
- 4.69. By way of background, on 15 August 2012, the London Head Office Compliance and Management Team identified that a group company, which was not regulated and therefore not permitted to accept client funds, had opened client money accounts in the UK which had received a number of deposits from customers. Senior Member B of the London Head Office Compliance and Management Team sent an email to Turkey Branch Manager B, copying in Mr Garipoglu and Turkey Branch Senior Manager C, explaining his concerns in this regard and stating that: “*This is illegal and a serious breach of UK client money rules ... I believe that this is an FSA reportable offence*”.

- 4.70. When this issue was brought to Mr Garipoglu's attention, he concocted various false explanations which could be provided to the London Head Office Compliance and Management Team. For example, in an email to Turkey Branch Manager B and Turkey Branch Senior Manager C, Mr Garipoglu suggested (in Turkish) that: *"I will say that it is a mistake, these are not client accounts, this money belongs to us etc"*. However, Turkey Branch Manager B informed Mr Garipoglu that the false explanations that he had suggested would not be credible because the London Head Office Compliance and Management Team were already aware of certain facts surrounding the matter. Instead, Turkey Branch Manager B suggested an alternative (and, in his view, credible) means by which they could mislead the London Head Office Compliance and Management Team. The alternative false explanation devised by Turkey Branch Manager B, which was approved by Mr Garipoglu, involved telling the London Head Office Compliance and Management Team that the deposits received were in respect of educational/training services provided by a Turkish group company.

*Authorising a marketing payment to a 3<sup>rd</sup> party contrary to the advice of the London Head Office Compliance and Management Team*

- 4.71. In October 2012, Mr Garipoglu directed that a payment be made to a 3<sup>rd</sup> party on whom due diligence had not been completed, despite concerns in relation to financial crime risk being expressed by the London Head Office Compliance and Management Team.
- 4.72. By way of background, the Dubai Branch of Company A requested that the London Head Office Finance Department process a marketing payment to a website owner in the UAE as a matter of urgency. Such requests had featured in the preceding MLRO Report, dated 10 April 2012, which, only a few months earlier, expressed concern in relation to the fact that: *"Payment requests always made at last minute where there is not adequate time to complete DD or enhanced DD"* and also referred to: *"Massive consulting payments ... used to send money to individual in MIDDLE EAST (HIGH RISK)"*. When the London Head Office Finance Department refused to process the payment absent the required transactional documentation, Turkey Branch Senior Manager C interjected, stating that: *"Delaying marketing is almost the same as freezing operations for a week ... if there is no way you can send the money from UK, i will seek another way. But we cant delay marketing or restrict marketing activities to be with websites that can provide invoices our accounting requires"*.

4.73. In emails to Turkey Branch Senior Manager C, copied to Mr Garipoglu, Senior Members B and C of the London Head Office Compliance and Management Team advised that: *"AML / KYC rules apply to everyone with no exceptions.....[Country Managers] need to get there [sic] requirements in earlier"* and *"If [the Country Manager of the Dubai Office] desperately needs to send company funds to individuals there needs to be due diligence completed on these individuals."*

4.74. On 31 October 2012, Mr Garipoglu dismissed such concerns in the following email which he sent to Senior Members B and C of the London Head Office Compliance and Management Team and Turkey Branch Senior Manager C:

*"Gentelman [sic], please take my comments here :*

*I totally agree with what you are trying to put in place ,and a 100 percent supporter of it , full stop ,*

*But back to reality , we are not making money and dying for business , and , beside uk`s efforts , [Turkey Branch Senior Manager C] is on the line to bring the new accounts from major hoped countires [sic] like china, aue [sic: UAE] , germany and Italy .*

*So until things get stabilized and profitable , adhoc and quicker actions are needed , when it comes to everything specially payments .*

*... when it comes from [Turkey Branch Senior Manager C] , please create the fund or use what ever we have and worry about the rest later by speaking to me .*

*One of my daily dasks [sic] is to give [Turkey Branch Senior Manager C ] no excause [sic], so it should be like this from the payments side as well please.*

*... in other words when [Turkey Branch Senior Manager C] wants to send money to usame bin ladin [sic], put my name as sender, and pls send it, I am willing to take the risk, and penalties or what so ever".*

4.75. Thereafter, Senior Member C of the London Head Office Compliance and Management Team continued to voice his concern, but Mr Garipoglu remained unmoved, stating:

*"... just when you see [Turkey Branch Senior Manager C]'s approval just sent it pls don't worry about the rest , all the responsibility or what so ever is on me , put it to my loan account , put it as my expense or what so ever , just not slow down [Turkey Branch Senior Manager C] all the rest is secondary".*

4.76. Likewise, Senior Member A of the London Head Office Compliance and Management Team responded to Mr Garipoglu by stating: *"Sadly life is not that simple and it does not work like that. We in London are responsible for who money is paid to globally. Suppose [the Country Manager of the Dubai Office] asks us to pay \$2000 to some bloke who turns out to be in Al-Qaida?"*. Mr Garipoglu replied:

*"All I am interested is the final stage , which is not making [Turkey Branch Senior Manager C] delayed , middle way ( how we get there ) is you gents expertise*

*If accounting wise [Senior Member C of the London Head Office Compliance and Management Team] is cool with it , send every month `al qaiada ` [sic] budget to tr [Turkey] , as per [Turkey Branch Senior Manager C]'s instructions and it can be done from here".*

*Threatening to replace the MLRO and Financial Controller for raising concerns in relation to group financial reporting with someone "who will do whatever the business needs"*

4.77. Also in October 2012, Mr Garipoglu threatened to replace Company A's MLRO/Financial Controller after he highlighted serious weaknesses in Company A's procedures for group financial reporting. In response, Mr Garipoglu told a senior colleague:

*"Ps: if [he] gives a noise about being mlro or responsible etc give me a heads up pls , will not give credit to that , can give you thousands of names who are willing to be the responsables [sic] or mlros etc , who will do what ever the business needs".*

- 4.78. Company A's MLRO/Financial Controller did tender his resignation from the role of MLRO at Company A a short while later, on 13 December 2012, stating in his resignation email:

*"I do not believe I have the support or seniority within this firm required to continue acting as the MLRO in accordance with the regulatory requirements. I would like to note I do not take lightly threats continually made by senior management that I will be fired."*

- 4.79. However, as it transpired, the MLRO/Financial Controller did not actually resign from the role of MLRO in December 2012 and, in May 2013, Mr Garipoglu finally decided to remove him from this post.

- 4.80. To this end, Mr Garipoglu emailed Senior Member B of the London Head Office Compliance and Management Team and Turkey Branch Senior Manager C to request that Senior Member B start the process for appointing either Mr Garipoglu himself, or one of a number of individuals based in the Turkey Branch Office with whom Mr Garipoglu was closely associated, as MLRO. This is described in detail at paragraphs 4.134 to 4.167 below.

- 4.81. The MLRO/Financial Controller left Company A in August 2013. In interview with the Authority, on 20 November 2018, Mr Garipoglu discussed the MLRO/Financial Controller's resignation but made no reference to the circumstances described by the MLRO/Financial Controller in his resignation email of December 2012, instead citing that the MLRO resigned for "*personal reasons*".

*Encouraging the creation of false documentation to deceive the London Head Office Compliance and Management Team/local regulators and encouraging bribery*

- 4.82. In February 2013, Mr Garipoglu was involved in discussions with Senior Member B of the London Head Office Compliance and Management Team about identifying a way to collect client money in the UK from Company A's subsidiary in Chile. Senior Members A, B and C were in the process of considering a solution which would be compliant with the Authority's client money rules (and which involved opening a branch in Chile and obtaining a local bank account in the name of Company A). Mr Garipoglu wanted a faster result and, in the context of this

discussion, directed one of his Turkish employees to bypass Senior Member C and use a Chilean employee to take this matter forward as a *"local is always faster, he can bribe and get it done quicker"*.

- 4.83. The London Head Office Compliance and Management Team wanted to solve the problem of collecting client money in Chile in what they considered to be a compliant fashion (by opening a *"Shadow Branch"* in Chile in parallel with the Chilean subsidiary on the basis that they viewed branch versus subsidiary status as an important distinction in terms of the treatment of client money). Mr Garipoglu stated: *"Ok understood. Until than [sic] if I give you a branch status than [sic] its done yes?"*.
- 4.84. Mr Garipoglu then removed the London Head Office Compliance and Management Team from the email chain and made the following suggestion to Turkey Branch Senior Manager C, in Turkish: *"Should we fool them with photoshop now, shall we?"*. The Authority interprets this to be a suggestion by Mr Garipoglu that fake documentation be created to give the false impression that the Chilean subsidiary was a branch.
- 4.85. In anticipation of putting his plan into effect, Mr Garipoglu then contacted an employee in Turkey to ask for the certificate of incorporation of the Chilean subsidiary and for a sample of a certificate of incorporation of a branch.
- 4.86. However, Turkey Branch Senior Manager C advised Mr Garipoglu against the idea, responding, in Turkish: *"I think they can easily understand if it is the original or faked by photoshop, I think we shouldn't lose their trust. If something like this comes out, they will look at everything with suspicion"*.
- 4.87. A few days later, on 19 February 2013, Mr Garipoglu again directed Senior Member B of the London Head Office Compliance and Management Team to use the services of the Chilean employee, who Senior Member B did not consider competent but who Mr Garipoglu favoured because: *"he is type that can push the lawyers or tip the autohirity [sic] to do it faster, that's why I am insisting on him to do it faster, he is not my brother or friend, just interested in the work"*. In this context, and in light of the explicit reference to bribery in Mr Garipoglu's earlier email, the Authority considers *"tip"* to mean bribe. This email from Mr Garipoglu was in response to the fact that the London Head Office Compliance and Management Team had projected that to set up the above arrangements in a

compliant manner would take up to 45 days, whereas Mr Garipoglu insisted that the Chilean employee complete the task as he “*can do 3 times faster*”.

*Advocating a course of action contrary to the advice of the London Head Office Compliance and Management Team on the basis that the commercial benefit to be derived would outweigh any financial penalty that might follow*

- 4.88. In March 2013, Mr Garipoglu wished to facilitate the collection of local deposits originating from outside of the UK (in his own words, “*I am just after the quick fix, so deposits can increase*”) and, to this end, he informed Senior Member B of the London Head Office Compliance and Management Team that he wished to: (i) replace the existing senior member of the London Head Office Compliance and Management Team who dealt with CASS-related matters (whom he considered to be a hindrance) with Turkey Branch Employee A; and (ii) emulate the methodology apparently followed by another competitor (Competitor D) in relation to the collection of local deposits, stating in this regard that: “*our job is to make sure it happens , and sturcuring [sic: structuring] is yours , rather than saying no*”. Senior Member B of the London Head Office Compliance and Management Team was unwilling: (i) to agree to the appointment of Turkey Branch Employee A on the basis that he had “*no experience*” in this area; and (ii) simply to follow Competitor D’s approach without a proper understanding of how this would be justified, saying:

*“we need to understand how they do this prior to just executing ...”*; and

*“Next time you go some where do me a favour and try and figure out the structure of how they do things without breaking rules rather than just telling me to either break the rules or solve the problem”*.

- 4.89. Mr Garipoglu objected to this remark and effectively threatened to dismiss the existing compliance personnel immediately, as follows:

*“... if you want us to arrange and come back with the structure , leave the sturucting [sic] to us , let us change the compliance mlro blab la TODAY , cuz if its with you than [sic] you have to fix that , if its us we can fix it ...”*

- 4.90. Mr Garipoglu went on to explain that his problem with the existing senior member of the London Head Office Compliance and Management Team who dealt with CASS-related matters derived from him causing delay by insisting that due

diligence be undertaken in relation to a prospective payment service provider in Asia, whereby Mr Garipoglu complained that: *"we pissed them off by asking balance sheet or dd something like that"*. Mr Garipoglu was of the view that, as the payment service provider was also used by Competitor D, this was unnecessary and he made it clear that he had no intention of tolerating further delays of this nature in the future, stating: *"even today we find a guy with a suitcase who can process cc in asai [sic: Asia] we will deal with them..."*. Senior Member B of the London Head Office Compliance and Management Team responded that: *"I in turn when asked by the FSA why we have not done sufficient due diligence on these companies will say 'I was overruled by my CEO, who will personally guarantee client money'"* and also pointed out that Competitor D was currently facing a high-value regulatory penalty. Mr Garipoglu replied on 19 March 2013, as follows:

*"Fines means , they did something got the return and giving a tip now ,*

*Lets get business , than we can tip also"*

*Encouraging staff to ignore legal requirements and do whatever is necessary to bring in new customers*

- 4.91. In August 2013, the Country Manager of Company A's Germany Branch wished to target advertisements at customers of a competitor firm that had recently closed down, but first questioned whether it was legal to do so. Mr Garipoglu told him:

*"In very start of the email , you asked a question if its legal , please don't ask it again , do it and ask if you have time.*

*Treat the customers well , and do what ever is good and necessary for them , the rest is not important.*

*The rest we will deal with , with sometimes getting the hit some times, bs'ing sometimes apologisizing [sic] sometimes paying this and that , what is important is customers are happy and sales does what ever it needs to do to bring clinets [sic]."*

- 4.92. This communication from Mr Garipoglu was sent to, amongst others: (i) a number of sales staff (including a Country Manager, a Regional Director and an individual who was registered as a CF30 controlled function holder); (ii) a marketing

executive; and (iii) two senior members of the London Head Office Compliance and Management Team. Mr Garipoglu was then warned by Senior Member A of the London Head Office Compliance and Management Team to *"please be a little careful when you say this sort of thing"* and was also reminded that: *"We are legally obliged to have systems and controls in place to make sure we follow the law"*. Mr Garipoglu responded on 29 August 2013 by comparing himself to a *"bad cop"* (with Compliance being the *"good cop"*) and *"a cowboy"* stating:

*"The reason I am giving this image that I look at things like a cowboy style is to encourage them as well ,*

*It's a bad police good police things to keep it balance ,*

*You guys are here being tight and straight , so if they see me as cowboy as well than [sic] they will act in middle as like we want."*

*Endorsing the use of forgeries and undermining the efforts of the London Head Office Compliance and Management Team to improve standards*

- 4.93. In September 2013, in response to the London Head Office Compliance and Management Team informing Company A's Dubai Branch to summarily dismiss an employee who had forged proof of addresses for prospective clients, the Country Manager of the Dubai Branch appealed directly to Turkey Branch Senior Manager C for leniency, having explained that: *"this guy really doesn't deserve to be fired. He's really good and getting a very good conversion rate. Everyone deserves another chance."*
- 4.94. Turkey Branch Senior Manager C responded, stating: *"they cannot tell you what to do with you [sic] team. Just say ok to them [the London Head Office Compliance and Management Team] and keep the guy if you want him. dont [sic] waste your time in this type conversations. spend your energy for deposit. i will take the responsibility if stg happens. deposits please!!!!"*
- 4.95. Turkey Branch Senior Manager C then forwarded the entire email chain to Mr Garipoglu and asked him, in Turkish: *"UK puts pressure on [the Country Manager of the Dubai Branch] in this regard. They have sent several emails today. I told [the Country Manager of the Dubai Branch] about it. I guess there is no problem?"*. Far from taking issue with this conduct, Mr Garipoglu praised Turkey Branch Senior Manager C, stating, in Turkish: *"You have already written it well*

[like a lion], *do not ask about the things that you're okay with. Let's divide the work, even if it is risky*". In a subsequent email to Mr Garipoglu, Senior Member B of the London Head Office Compliance and Management Team voiced his concerns that: *"Our office in the UAE is out of control, they believe it is ok to lie to us and fake documentation by using photo shop"*. Senior Member B of the London Head Office Compliance and Management Team also challenged the Country Manager of the Dubai Branch directly and, in an email copied to Mr Garipoglu, stated that: *"A huge number of your accounts have been fraudulently opened by using either photoshop or duplicate documents"* and *"I need you to demonstrate that you are in control of your offices and staff and that photo shopping documents ceases ..."*.

- 4.96. In interview with the Authority on 20 November 2018, Mr Garipoglu was asked to comment on a passage in the 2015 MLRO Report that made a reference to cases of *"clients trying to open accounts using forged or stolen ID"* in the Gulf States markedly decreasing since the Country Manager of the Dubai Branch (i.e. the same one being discussed above) had left the business, whom the Report described as: *"less than economical with the truth at times"*. However, Mr Garipoglu described the Country Manager as *"fit and proper"* and, when asked if he was aware of the Country Manager being *"less than economical with the truth"* and of *"any problems relating to forged or stolen ID in the UAE office"*, Mr Garipoglu's answer to both questions was *"No"*.

*Encouraging staff to prioritise profit at the expense of regulatory compliance*

- 4.97. In November 2013, Senior Member B of the London Head Office Compliance and Management Team and a Country Manager were discussing whether Company A's AML framework required the verification of source of funds in respect of a customer's first deposit over €10,000. At this point, Mr Garipoglu intervened in the discussion, telling Senior Member B of the London Head Office Compliance and Management Team not to get involved *"with these stupid subjects"* as *"We need your brain and man power on important subjects"*, and further stated that:

*"... All we need to do in sales is push more and bring some countries to its potential . No intention to cut of [sic] your legs or what so ever , on the other hand , I want you to fly and run , on the imporatant [sic] subjects , like trading , product , IB review , business profitably , latency and everything related to fx / cfd part .*

...

*Any logical person can decide and take actions , on kyc , compliance procedures [sic] etc there are basic logic and doesn't needs the lingo.*

*I have and only aim here,*

*I am wirting [sic] so unpro and un appropriate emails all the time , just to put a thought process , business comes first, brocracy [sic] second ,*

*If the managers are in this mind set than [sic] business will grow faster .*

*Just take the measurments [sic] on bare min , so we don't get big fines or get closed , and let the business run freely*

*Each time we have these arguments , we progress , slowly slowly [sic] the mind set will be like this ,*

*Look at it for example ,*

*I am sure [names two senior members of the London Head Office Compliance and Management Team] wouldn't be easy going as they are now 6 months ago, why, because we argue , fight , show examples , etc , you will see after some time , we wont have these because their thought process would change to ours"*

*Directing that Company A circumvent regulatory requirements by bending the rules and ignoring the advice of the London Head Office Compliance and Management Team*

- 4.98. In late December 2013, the London Head Office of Company A received an urgent request from the Turkey Branch to make a payment of \$224,000 to a Turkish group company which, in turn, imminently needed to make salary/social security payments for its staff. In response, Senior Member B of the London Head Office Compliance and Management Team stated that it was "highly unlikely" Company A could make this payment without breaching its capital requirements, adding that: "Until our capital position is increased there is nothing we can do without creating a regulatory breach, ... for obvious reasons none of us want to do this". However, Mr Garipoglu was of the view that there were various ways of circumventing this regulatory requirement (for example, he suggested creating another introducing broker agreement and making the payment through that or making a loan to "a different ownershiped [sic] company"), stating: "pls tell me

*exact rules that why we can not do it, Because we will be doing it / bending it, unless its black and white.*" In response, Senior Member D of the London Head Office Compliance and Management Team explained that, in relation to Mr Garipoglu's suggestions, *"any regulator looking at our business, would question why on earth we have sent funds to such an enterprise"*, and further stated that: *"what is being proposed is misleading the regulators and would if carried out almost certainly lead the company to be fined and you personally censured and fined and more than likely struck off the register. I cannot be too strong in this advice, it is black and white"*. However, Mr Garipoglu continued to question whether making a payment to an introducing broker or a loan to a non-related party would cause Company A to breach its capital ratios. In response, Senior Member D maintained that it was not just a question of looking at capital ratios and Mr Garipoglu's suggestions were problematic for various reasons, for example, he explained that: *"If the FCA came in and determined that the IB [introducing broker] was related in any way ... and that the structure has been established to get around their rules then they would severely censure the company and you for knowingly breaching the large exposure rules. Given the email traffic on this subject, this is NOT something you would want to do"*. Senior Member D also added that *"We are already pushing the boundaries as far as possible", "operating at the limit" and "so close to the wire that even sending out funds to a non-related party on an arms' length basis would see us in breach"*.

- 4.99. Nevertheless, Mr Garipoglu subsequently wanted to revisit the issue, stating that: *"I do not want to leave this behind before fully understading [sic] or getting convinced on it because I did not convince my self by law why we can not do it"* and further that: *"Being close to wire, is also not a breach, its breach when we cross the line"*. In response, Senior Member D of the London Head Office Compliance and Management Team stated, on the subject of regulatory risk, that if they were to send funds to a new introducing broker as Mr Garipoglu suggested: *"we would be all very exposed to disciplinary action"*. Mr Garipoglu and Senior Member D also debated what the implications of a potential tax liability might be as regards Company A's capital requirements, with Mr Garipoglu stating that: *"I do not count any possible tax bill as a threat , and also take that risk . as it can be postponed , trialed etc etc , and unless it's a court order to pay , it is not counted as a liability"*, to which Senior Member D responded: *"There is a difference between tax avoidance and tax evasion, but if the Tax Man thinks you are fraudulently submitting returns and hiding things from them, there is the*

*possibility of a criminal prosecution not just a penalty / fine. In short you do not lie to them."* However, in his email by way of reply, Mr Garipoglu stated:

*"... as long as the business keeps going and company doesn't gets shut down (as taxman doesn't have that power), personal criminal prosecution comes secondary and not that worried about it as we are not doing anything wrong. first priority is to keep the business going and money coming in, not the jail aspect, for me life without the money is the real jail."*

4.100. Despite the concerns expressed by Senior Members B and D of the London Head Office Compliance and Management Team, Mr Garipoglu remained of the view that it would be permissible to either create another introducing broker agreement or make a loan to a non-related party as a means of sending the funds: *"until we hit the breach ratios"*. Senior Member D continued to try to dissuade Mr Garipoglu from his preferred course of action, stating:

*"As I have said earlier, breaches are not just those relating to the capital and large exposure ratios but the entire workbook.*

*...*

*As I keep saying, if we had significant surpluses in regulatory capital and liquidity, sending funds to another IB would be less of an issue, although we could still be judged to have poor systems and controls if that IB had no balance sheet to speak of and a business plan / project proposal to warrant lending money.*

*However, at the moment, we do not have a significant excess in either ...*

*It is our behaviour in times like these that would come under great scrutiny. If you set up a new IB and start sending funds to it, you would have a UK regulated company with loan receivables from "connected" parties (and giving loans should not be part of our business) which would account for over half of our regulatory capital. In any circumstances, that would be questionable".*

4.101. However, once again, Mr Garipoglu was impervious to the advice of Senior Member D and replied:

*"Once read your response , I get more convinced of MY way of thinking.*

*...*

*What is important is what legal documets [sic] says , what ratios says , not the reality ... these are manipulative rights we can conduct with in the law.*

...

*I am aware that at some point we have to tidy up the balance sheet , close these loans , IB payments etc but while trying to survive , this is not our priority . the priority should be continue living as much as we can , and use all the subjective , arguable elements to stand on our feets .*

*The risk I am willing to take , is running the company , close to the wire , extending , bending every possible legal way not to the point , right to the extreme .but not conducting a breach .*

*The only risk here is that ( beside my open emails to the team and taxman risk ) , if things go wrong and lets say we go bust ( which I will not let it happen ) than [sic] they can say didn't you know this was coming ? and I can say its not your business , your client money is there take it , I took a risk , believed in an empty company to produce all the leads in the world and it didn't happen , ok fine we close . but right to that moment they don't have anything to prosecute and even if they did it's a simple failure case .*

...

*lets please prepare this new ib so we have this for the next time".*

- 4.102. Finally, on 28 January 2014, Senior Member D of the London Head Office Compliance and Management Team acquiesced to Mr Garipoglu's wishes, stating that: "*subject to there being sufficient funds to make such a payment, and currently there isn't as you know, you as the 100% owner can determine what the business does ...*".

*Celebrating misconduct and encouraging staff to prioritise profit at the expense of regulatory compliance*

- 4.103. Also on 28 January 2014, Senior Member B of the London Head Office Compliance and Management Team informed Mr Garipoglu and Turkey Branch Senior Manager C that regulatory audits in Germany and Italy had called into question whether Company A's branch offices in those jurisdictions were compliant with local rules which, in turn, raised the question of whether those branch offices should be either changed to representative offices or closed. In his email, dated 30 January 2014,

in response to Senior Member B of the London Head Office Compliance and Management Team and Turkey Branch Senior Manager C, which was also copied to Senior Members A and D of the London Head Office Compliance and Management Team, Mr Garipoglu stated that:

*"This is a game of , telling each party what they want to hear. that's it. (personally I enjoy telling these white lies, I feel like I achieved something to get ball rolling , which in realty [sic] its not an achievement at all)*

*[Competitor E] , has offices in Germany and Italy , if they manage it as like many other fca companies , we should be as well*

*A company in our mind set, closing an office in eu , for regulatory , audit etc reasons except commercial is a joke J*

*Fyi: china fx is illigeal [sic] , they put you in jail for 5 years , without questions , trial etc if they just wanted to, and I operate here like I have peoples rebuplic [sic] of china's all the approvals and back ups so , don't tell me any risk in eu, eu is walk on the park .*

*Ps: why I am writing this much , for one reason, to set a mindset , in the company , that commercalls [sic] comes first than [sic] the regulations , as like the successful israeli companies [Competitor B] and [Competitor A] etc [...] so while I am taking the risk here , just give them what they want and get along with walk on the park. please".*

- 4.104. In response to an email in which Senior Member D of the London Head Office Compliance and Management Team explained Company A's obligations under German law, Mr Garipoglu further stated on 31 January 2014 that:

*"I personally see no risk in eu , either we are a branch or rep that's you gents areas ,*

*Even if we said we are doing a and did b, or vice versa, all defences are defandable [sic] and manipulative".*

*Suggesting staff effectively do anything, including bribery, in order to increase profits/new customers*

- 4.105. The Italy Branch of Company A was, once again, discussed in March 2014 at which point it was being considered for closure by Mr Garipoglu as it was loss-making.

In an email, dated 11 March 2014, the Country Manager of the Italy Branch sought to dissuade Mr Garipoglu from this course of action on the basis that the branch's prospects were improving. Mr Garipoglu explained that the only way to prevent closure was to improve the "Numbers" and, to this end, he suggested that the Country Manager:

*"Create a formula ... Tell the team not to get salary for 2 months and once break even they can from the profits ... I don't know come up with something, tell them to go destroy competition, bribe, etc to get leads".*

*Showing a disregard for proper standards of behaviour and pressurising the London Head Office Compliance and Management Team to breach or circumvent regulatory requirements*

4.106. Also in March 2014, Mr Garipoglu pressurised the London Head Office Compliance and Management Team to breach or circumvent regulatory requirements in Hong Kong.

4.107. In order to avoid holding client money from some of Company A's customers in segregated accounts, Turkey Branch Senior Manager C informed Senior Member A of the London Head Office Compliance and Management Team that he wanted all of Company A's Chinese introducing brokers to operate through a corporate account opened by a group company based in Hong Kong. In this way, customers of the Chinese introducing brokers would contract with the group company (as opposed to Company A) and make deposits into its corporate account in Hong Kong. This plan was strongly opposed by Senior Member A of the London Head Office Compliance and Management Team who replied:

*"You cannot circumnavigate client money.*

*The HK regulated business is no different to any other. You cannot touch the money.*

*Not sure what game you are trying to play, although I suspect I know, but it is not going to happen.*

*... You cannot operate a business in HK and take client money like that. If you are trying to do that then I will personally report you"; and*

*"You cannot operate an unregulated business in China and deal with [Company A] in London. We are not allowed to facilitate that."*

4.108. Senior Member B of the London Head Office Compliance and Management Team also voiced strong opposition to the plan, stating that:

*"The HK company needs to be fully regulated by the HK FCA ... and adequately capitalised*

*To do it through a front company is fraud and illegal ..."*

4.109. At this point, Mr Garipoglu removed Senior Member A of the London Head Office Compliance and Management Team from the email chain and replied to Senior Member B and Turkey Branch Senior Manager C, stating *"I totally agree"*, thereby apparently acknowledging the illegal nature of what was being proposed. However, Mr Garipoglu still considered the plan to be viable and he went on to suggest that the solution was to create a new corporate entity which was ostensibly unrelated to Company A for this purpose, stating that: *"In every buiesness [sic] , there is this concept that you put the risk on one , and make the other one clean . its basics"*.

4.110. In response, Senior Member B of the London Head Office Compliance and Management Team remained adamant that the plan was entirely unacceptable, stating:

*"Even if you set this vehicle up as a clone of [Company A] but not owned by you. And this vehicle does business with us on an arms length basis we get shot three times not once.*

*HK taking client money without a licence + fraud ( claiming it is a registered vehicle)*

*London. Either a failiure [sic] to do due diligence or fraud*

*Knowingly setting up an unregulated clone deceiving customers and regulators"*.

4.111. However, Mr Garipoglu replied by stating that: *"When there is a company with owner x , x saying that he owns it , hundred percent , signing it , and its real x , I don't understand how you guys link it to us ?"* and further explained that: *"Will not be called [Company A] , and also ... we cant stop a drug dealer forming a company that has [Company A] in it ... people call them selves [sic] what ever [sic] they want in their countries"*. As the discussion continued, Senior Member B reiterated that: *"This is not possible without committing either fraud or failiure*

[sic] *to do due diligence and lying*" to which Mr Garipoglu replied: "*If the corporate [sic] account does this risk, what does it have to do with us?*". The Authority infers from this exchange that Mr Garipoglu appears to have had no compunctions about a course of action involving fraud, failure to do due diligence and lying provided that it could not be linked back to Company A. In this way, Mr Garipoglu continued to try and persuade Senior Member B to come up with a means to allow him to do what he wanted.

- 4.112. Senior Member B eventually mapped out a possible route to achieving Mr Garipoglu's aims, stating:

*"So the corporate would have to take money in as non fca ... and be in a jurisdiction with no regulations, we would then have to satisfy ourselves that their on-boarding procedures [sic] met our standards and we would execute and clear that business non seg*

*So if we can take money into a non regulated entity ie the clients do not mind, and in a country where there is no regulation and therefore no breach, it could work, but we cannot make the mistake of pretending that the firm taking the money, the corporate, is regulated."*

- 4.113. Mr Garipoglu suggested using a Turkish entity and Senior Member B responded, stating: "*Doable but messy and probably illegal in Turkey, Mauritius would be better*".

- 4.114. Mr Garipoglu then emailed Turkey Branch Senior Manager C on 12 March 2014 directing that he: "*ping me when you are online, will execute this*".

*Undermining compliance personnel and directing that staff breach or risk breaching regulatory requirements*

- 4.115. Also in March 2014, a senior member of staff at Company A's China Office sent an email to, amongst others, Senior Members A and B of the London Head Office Compliance and Management Team (and copying in Turkey Branch Senior Manager C) suggesting that clients should be permitted to open accounts without providing proof of address on the basis that, apparently, this was not required by Competitors D and F. Senior Member A replied that this was "*the most ridiculous thing I have ever heard*", confirming that it was not acceptable to circumvent AML

requirements for clients at the onboarding stage and, in particular, that up-to-date proof of address was required. The senior member of staff at the China Office then referred to the fact that he had spoken to Mr Garipoglu and Turkey Branch Senior Manager C and, echoing their sentiments, said: *"Let's set [Competitor D] and [Competitor F] as target, for their fumes and market shares"*, further questioning how it could be the case that those companies operated with lesser onboarding requirements than Company A.

4.116. When Senior Member A of the London Head Office Compliance and Management Team continued to refuse to dilute Company A's onboarding requirements in the manner suggested, the senior member of staff at the China Office went directly to Mr Garipoglu and Turkey Branch Senior Manager C, copying in colleagues involved in sales on behalf of the China Office including a CF30 controlled function holder and removing the London Head Office Compliance and Management Team from the email. He asked Mr Garipoglu and Turkey Branch Senior Manager C to find a way around the compliance requirements otherwise *"we will keep losing business"* and explained that Competitors D and F only required *"one ID card"* which did not encompass up-to-date proof of address, to which Mr Garipoglu replied *"If they are accepting 1 doc , we will also"*.

4.117. Mr Garipoglu and Turkey Branch Senior Manager C then discussed how to bring this into effect, with Turkey Branch Senior Manager C suggesting that they had to either *"convince"* the London Head Office Compliance and Management Team or *"give the responsibility to someone who can handle compliance the way we want."* The consensus between Mr Garipoglu and Turkey Branch Senior Manager C was that this problem could be solved if Company A operated its compliance from Turkey with someone else in charge. As regards accepting *"one ID card"* which did not encompass up-to-date proof of address, Mr Garipoglu instructed Turkey Branch Senior Manager C to proceed on this basis as Mr Garipoglu's view was that:

*"These are little risks. While [Competitor D] accepts one, nobody comes and shuts us as we want 1/1 even it is not legal. When you go there, we may say that the things requested by [Turkey Branch Senior Manager C] will be done, full stop"*.

*Overruling the London Head Office Compliance and Management Team to ensure continued business in Indonesia despite evidence of fraudulent applications*

4.118. In April 2014, Mr Garipoglu overruled the London Head Office Compliance and Management Team to ensure that Company A continued to onboard new customers from Indonesia. This was despite being told by Senior Member A of the London Head Office Compliance and Management Team that the vast majority of applications to Company A from customers in that jurisdiction were fraudulent.

4.119. By way of background, having been informed that it would not be possible for an Indonesian introducing broker to open a Multi-Account Manager ("MAM") account with Company A, a member of staff from an overseas office contacted Mr Garipoglu and Turkey Branch Senior Manager C for support. When Mr Garipoglu raised this issue with Senior Member A of the London Head Office Compliance and Management Team, he was informed that:

*"Every single document we have been getting has been forged or tampered with.*

*... under no circumstances can we carry on attempting to open accounts."*

4.120. On being told this, Mr Garipoglu responded, as follows:

*"We can not do like this ,*

*This is against our isreali [sic] , [Competitor A] , [Competitor B] , broker mindset ,*

*We can not block a country , or not accept clients, just because some or even all applications we received is fraud .*

*We continue to fight to open accounts and never give up .*

*Because our mindset is like an isreali [sic] company , we see this as gambling business , we are here to make as smooth as it can be ...*

*Killing the patient its just because its sick, is a London [names two firms] , mind set .*

*Unless its by law like usa ... iran , north korea etc that says don't open we don't, there is list of 6 contureis [sic] or something like that in the [Competitor B] web site at the bottom where we wont open account*

*This mind set will be on our dna soon"*

4.121. Senior Member B of the London Head Office Compliance and Management Team then explained: *"No can do on this. Let me explain in simple terms. Sure we can process the applications[.] 99% will be rejected due to incorrect or tampered documents"*. In response, Mr Garipoglu informed the London Head Office Compliance and Management Team, copying in Turkey Branch Senior Manager C, that:

*"Its my job also to make sure what it comes to the door is appropriate , just keep the door open*

*This way or that way , we will make sure the docs are right , this is the USP of a risk taking entitiy [sic]"*.

*Encouraging improper conduct and excessive risk-taking, and directing that staff breach legal requirements*

4.122. Mr Garipoglu owned a business which had operated in South Africa since 2012. The activities of this business were described as being to assist customers to open trading accounts with Company A in the UK by providing the necessary training on online trading (with *"the essence"* of what it did being *"merely providing seminars on which potential clients are introduced to the financial markets"*). The South African business was not authorised to engage in financial services activities by the South African regulator, the Financial Services Board ("FSB"), and according to the business this was not necessary because it was: *"not fulfilling any sales or marketing activity"*. It also employed local workers but it appears that it did not pay taxes in relation to these as required.

4.123. By 2014, the South African business faced penalties in respect of the unpaid employee taxes of approximately \$68,000. On becoming aware of this issue, Senior Member D commented: *"Can someone please tell me how many more of these time bombs we have, where we ignore local regulatory rules or do not register / pay local taxes. By cutting corners, the status of ALL our regulated entities is threatened"*. The business was also scrutinised by the FSB in April 2014 and the FSB determined that the business was carrying on financial services activities when it was not authorised to do so by, amongst other things, promoting Company A. The FSB demanded that the business immediately stop carrying out these activities and invited the business to comment on why it should not be referred to the FSB Enforcement Committee for enforcement action.

4.124. On 13 April 2014, Mr Garipoglu told an employee to imitate him and to contact the FSB stating:

*"... call your self , who would know who you are*

*Say I am the director ,say I am the owner , say I am kasim, say I am x , it's a telephone call , or even email they are all the same*

*No one can give them the talk they need better than you , it's you kid you deal with it pls , everybody cares more about their own meal ."*

4.125. The employee then proceeded to impersonate Mr Garipoglu in a telephone conversation with the FSB to discuss the issue. The employee concerned reported back to Mr Garipoglu that: *"I talked to [the contact at the FSB] yesterday pretending to be you and he asked me to send an email in regard of the letter we received"*.

4.126. Mr Garipoglu himself made submissions in writing to the FSB (which were drafted for Mr Garipoglu by the employee who had impersonated him to the FSB) on 24 April 2014 apologising for the conduct of the South African business, stating that it had stopped activities that breached the regulations and that it intended to apply for a local licence, and emphasising how highly Company A and the South African business regarded regulatory compliance.

4.127. Subsequently, it was considered by Mr Garipoglu and his colleagues to be easier to abandon the existing South African business (and its tax liabilities) and create a new *"clean"* business which could apply to the FSB for authorisation. When Turkey Branch Senior Manager C asked whether it was possible to start marketing activities during the licence application process (on the basis that it would be undesirable to have to wait for months before being fully operational again in South Africa), a South African employee replied that *"We can market, as long as its offering market training only, the biggest reason why they let us off on 2 occasions was because we acting as a support and training office"*. In response, Mr Garipoglu told him on 6 August 2014:

*"fyi , executives do not give you credit , when you slow down the activitivities [sic] or marketing , the more agrresive [sic] you are the more*

*credit you get ... we are looking for a deposit generating activity not a by the book broker."*

*Dismissing the concerns of the London Head Office Compliance and Management Team and directing an approach which he had been advised involved breaches of regulatory requirements*

- 4.128. In November 2014, Mr Garipoglu dismissed the advice of Senior Members A and B of the London Head Office Compliance and Management Team in relation to concerns about customers being treated fairly by Company A's Germany Branch. He also ignored their concerns about a possible regulatory penalty, instead focusing on the need to grow the business and directing that they should worry about customer complaints and regulatory contraventions at a later date.
- 4.129. In this regard, an introducing broker complained about the level of losses on his MAM account with Company A. This prompted a discussion between, on the one hand, two senior members of the London Head Office Compliance and Management Team and, on the other hand, Mr Garipoglu and Turkey Branch Senior Manager C. In effect, the London Head Office Compliance and Management Team had serious concerns in relation to the adequacy of Company A's disclosures to customers of the introducing broker, for example, stating that:

*"Where we will be completely and utterly defenceless is our failure to disclose to clients IB rates and mark ups in conjunction with this the FCA will say that we [Company A] have failed to look after our clients best interests and we have not been transparent ... please be clear when the fca visit and ask, and they will, how do you communicate with clients the cost of their trading we will be unable to deliver any satisfactory answer ....this will result in an expensive fine."*

- 4.130. However, Mr Garipoglu dismissed the concerns expressed by the London Head Office Compliance and Management Team, and on 12 November 2014 stated:

*"Noted for now lets grow , and welcome all business pls*

*If [Competitor A] , [Competitor B] and isreali [sic] minded companies are taking these risks we will take it as well ( of course its our duty to prepare our defence for the bad days ) but do not block or do anything that will turn off/wake up the client or mam .*

*The business needs to growth [sic] at least 30-40 percent more to fear that we have something to loose [sic] , than [sic] we can say , hmmm this can potentially cause an issue in the future lets pass it , until than [sic] we are Asian/isrealies [sic] pls"*

Mr Garipoglu's post-event comments on the communications that he sent during his tenure as the most senior person at Company A and his overall performance in that role

- 4.131. At interview with the Authority and in representations made on his behalf over the period November 2018 to December 2022, Mr Garipoglu repeatedly and consistently maintained that there was nothing inappropriate about his communications. Whilst Mr Garipoglu did not specifically comment upon every inappropriate communication referred to in this Notice, on repeated occasions over a lengthy period of time, he was presented with samples of his communications with staff at Company A and its overseas branches (some of which are set out above and others of a similar nature) and given the opportunity to reflect upon them. At no stage before the Warning Notice was issued did Mr Garipoglu acknowledge any culpability on his part beyond saying that: "*certain phrases in the emails could have been expressed differently*". On the contrary, far from accepting any criticism in relation to his communications, it has variously been maintained that:

*"Some of them show just good governance ... Like I said the driving force of these emails if you look more, all of them are to make the company compliant and competitive";*

*"None of these Emails, properly understood, amounts to encouragement for [Company A] to act non-compliantly. Mr Garipoglu makes clear in these and other emails that he expects [Company A] to act compliantly";*

*"He is challenging his senior managers on the extent to which the firm's business activities can be both compliant and competitive;" and*

*"He makes several references to the importance of compliance, stating that his aim was not to break the law, and that he had total agreement with compliance requirements".*

4.132. Likewise, in relation to his overall behaviour as the most senior person at Company A, Mr Garipoglu consistently refused to accept any culpability on his part. For example, in a statement provided to the Authority on 7 December 2018, Mr Garipoglu comprehensively rejected the Authority's concerns in relation to his behaviour, stating (amongst other things):

*"I strongly disagree with the FCA's suggestions that I did not encourage a culture where the risk of financial crime was taken seriously. I exercised due skill, care and diligence in managing [Company A] and encouraged a culture where financial crime was taken seriously. Whilst I was CEO and Director (and also as the ultimate beneficial owner), I set the tone from the top that the business should be run compliantly, any issues should be discussed and fixed / improved upon and customers should be treated fairly ..."; and*

*"The FCA asked whether I encouraged a culture where the risk of financial crime was taken seriously ... I clearly stated that I want to be within the law. I was engaged and took this seriously. It is quite normal to have heated business conversations with your managers and for people to have disagreements / different views within a business. We had an understanding of the law; nobody disagreed and we must all respect and obey it ... I know what a firm should do, and as CF3, I did it. It was part of the company succeeding and growing. I set the tone from the top by making it clear that is what I wanted: ... To run a business that was compliant."*

4.133. Whilst it is acknowledged that the conduct set out at paragraphs 4.65 to 4.130 of the Notice dates back to the period April 2012 until August 2015, in circumstances where Mr Garipoglu stood by, as opposed to recanting, the inappropriate communications referred to in this Notice and refused to accept that his behaviour at Company A was improper until after the Warning Notice was issued, the Authority considers that the passage of time does not in any way alleviate its concerns in this area. In short, Mr Garipoglu's explanations of his communications prior to the issue of the Warning Notice, some of which were received as recently as 2022, do not suggest any material change of approach and his refusal to acknowledge, until receipt of the Warning Notice, that his behaviour was improper suggests there is a serious risk that he would behave in a similar (and improper) way in the future.

**The use of false proof of address documentation and dishonestly misleading the Authority and other regulators and the London Head Office Compliance and Management Team in relation to residence**

Desire to replace MLRO in 2013

- 4.134. During 2013, Mr Garipoglu sought to replace Company A's MLRO with Turkey Branch Employee A. This suggestion was discussed by email in March 2013 with Senior Member B of the London Head Office Compliance and Management Team (who, at that time, considered Turkey Branch Employee A to have a lack of experience/training) and Turkey Branch Senior Manager C, in the context of which Mr Garipoglu stated that Turkey Branch Employee A was "*moving to uk*" from Turkey where he was based.
- 4.135. In May 2013, Mr Garipoglu again suggested that Turkey Branch Employee A be appointed MLRO. On this occasion, Senior Member B of the London Head Office Compliance and Management Team dismissed the idea, stating "*Unfortunately does not live in London ... prerequisite*" to which Mr Garipoglu stated: "*We all live in London ... do you want to see the bills?*".
- 4.136. In July 2013, Turkey Branch Employee A asked senior members of the London Head Office Compliance and Management Team whether it was intended for him to take the position of "*Deputy AML Officer*". However, Senior Member A of the London Head Office Compliance and Management Team replied that all compliance had to be "*run out of London*" so "*unless [Turkey Branch Employee A] wants to ... work over here there is not a lot of point*" (implying that it remained the case that Turkey Branch Employee A was not in the UK).

Plan to appoint Turkey Branch Employee A as MLRO

- 4.137. In March 2014, Mr Garipoglu discussed with Senior Member B of the London Head Office Compliance and Management Team how to "*cut costs*" in the London office of Company A. In this regard, Mr Garipoglu wanted to know whether there were any legal restrictions on transferring UK-based functions, such as onboarding, to Turkey. Senior Member B said that there were no legal restrictions as such, but he had a number of practical and operational concerns with the idea, primarily as regards the fact that: (i) senior compliance staff in London would not be able to

supervise what was happening in Turkey; and (ii) there was an absence of trained staff in the Turkey Branch in relation to onboarding and other areas. However, Mr Garipoglu remained keen on the idea, stating that: "*I expect no resistance, from UK or anyone*" and Senior Member B acknowledged that "*It is your company, so any resistance will be irrelevant*". Nonetheless, Senior Member B continued to question whether there were suitably trained staff in Turkey to do the type of work concerned and warned that other senior members of the London Head Office Compliance and Management Team would probably resign if customer onboarding was moved to Turkey. However, this did not discourage Mr Garipoglu from his preferred course of action and he referred to the fact that Turkey Branch Employee A had received AML training in support of moving customer onboarding to Turkey (once again, acknowledging that Turkey Branch Employee A was not in the UK).

- 4.138. Between April and June 2014, Company A was in the process of replacing its MLRO. It appears likely from contemporaneous email communications that this was, at least in part, a result of financial pressure such that Company A was looking at ways to reduce costs, including by replacing the existing MLRO.

Opposition of Senior Member A of the London Head Office Compliance and Management Team to the appointment of Turkey Branch Employee A

- 4.139. To have Turkey Branch Employee A appointed as MLRO would have necessitated Company A making an application to the Authority for his approval to perform the MLRO controlled function. It would be for the Authority to decide whether Turkey Branch Employee A met the conditions for approval as an MLRO. One of the expectations of the Authority (amongst other things) was (and remains) that an MLRO "*will be based*" within the UK (SYSC 6.3.10G).
- 4.140. On 22 May 2014, Senior Member A of the London Head Office Compliance and Management Team dissuaded Mr Garipoglu from putting himself forward for the MLRO position (given, amongst other things, his lack of relevant experience), stating it may be "*easier*" to put forward Mr Garipoglu's other suggestion, namely Turkey Branch Employee A, who had "*also been on a course*". During this conversation and on the same date, Mr Garipoglu again stated that Turkey Branch Employee A "*is moving to London*" (indicating that it remained the case that he was not at that time living in the UK). However, as it transpired (and as explained below), Mr Garipoglu was subsequently unable to gain the support of Senior Member A of the London Head Office Compliance and Management Team for the

appointment of Turkey Branch Employee A as MLRO. This was due to the fact that Senior Member A did not think that Turkey Branch Employee A met the Authority's conditions for approval as MLRO, in particular, as regards having the requisite level of experience and being based in the UK.

- 4.141. On 23 May 2014, Senior Member A of the London Head Office Compliance and Management Team emailed Turkey Branch Employee A, stating:

*"I have been instructed to put you forward to the FCA to replace [the current MLRO] as our MLRO.*

*Whether or not they will deem you suitable remains to be seen.*

*Can you please provide me next week with an up-to-date CV (mention anything relevant like that course) and proof of residency in the UK, as you have to be a resident to be the MLRO."*

- 4.142. Turkey Branch Employee A did not immediately respond to Senior Member A and instead emailed Mr Garipoglu directly, on 26 May 2014, forwarding Senior Member A's email and stating in Turkish:

*"I received an email as below.*

*I think you will have the proof of address set.*

*Is there anything I should do?"*

- 4.143. Mr Garipoglu responded on 26 May 2014, copying in another Turkish junior employee and stating, in Turkish:

*"Yes, I have requested it and will send it once I have received it."*

- 4.144. In a chasing email to Turkey Branch Employee A on 28 May 2014, Senior Member A of the London Head Office Compliance and Management Team wrote:

*"I also will need full proof of your UK residency, otherwise this will mean instant refusal, not least by me, as I will not be party to a fraudulent application to any regulatory body".*

4.145. The junior employee Mr Garipoglu copied into the email chain on 26 May 2014 sent the proof of address that Mr Garipoglu had requested directly to Mr Garipoglu on 28 May 2014, stating: *"Please find attached"*. Ostensibly, it was a red (overdue) gas bill in the sum of £87.37 addressed to Turkey Branch Employee A at an office block used by a separate company owned by Mr Garipoglu in a business district in London ("the Office Address") for energy supplied at the Office Address, dated 26 April 2014 ("the April 2014 Gas Bill"). Mr Garipoglu then forwarded it, without comment, to Turkey Branch Employee A on 30 May 2014, copying in Turkey Branch Senior Manager C.

4.146. The April 2014 Gas Bill was, in fact, a forgery created at the behest of Mr Garipoglu. The Authority has ascertained that the utility company which supposedly issued it did not supply energy to the Office Address. The original gas bill used to make the forgery was in fact in respect of energy supplied at Mr Garipoglu's central London apartment ("Mr Garipoglu's London Residence") and was issued in his own name. It was also used as the original for another forged gas bill which was used by an employee of Mr Garipoglu as his purported proof of address in the context of an application made to the Financial Services Commission in the British Virgin Islands ("BVI") (see paragraphs 4.172 to 4.174 below).

4.147. On receipt of the April 2014 Gas Bill, Turkey Branch Employee A emailed Turkey Branch Senior Manager C, removing Mr Garipoglu from the email chain, to state, in Turkish:

*"I've checked the Experian.*

*There's no record of me at that address. There is no record within the borders of the UK.*

*If we as brokers verify the address, I guess the FCA does too."*

4.148. Turkey Branch Senior Manager C forwarded the email to Mr Garipoglu on 3 June 2014 stating, in Turkish *"You will need to talk with [Turkey Branch Employee A] regarding this issue"*. Mr Garipoglu responded on 4 June 2014, expressing no concern, instead stating, in Turkish that you would not have an Experian reference: *"if you move to Bachgingam [sic: Buckingham] Palace today."*

- 4.149. On 4 June 2014, at 2.30pm, a few hours after Mr Garipoglu's email to Turkey Branch Senior Manager C, Turkey Branch Employee A sent an email to Senior Members A and B of the London Head Office Compliance and Management Team and Turkey Branch Senior Manager C attaching his CV and a copy of the April 2014 Gas Bill (purporting to evidence that his address in the UK was the Office Address). This initial email was not sent to Mr Garipoglu, but he was copied to subsequent messages in that email chain, as described below.
- 4.150. Turkey Branch Employee A's CV stated that he lived and worked in Turkey not the UK whereas, as referred to above, the April 2014 Gas Bill was for the supply of gas to a central London office address. The April 2014 Gas Bill was dated 26 April 2014 and being a chaser for an overdue payment of £87.37, it purported to indicate that Turkey Branch Employee A must have resided at the Office Address at least several months before the date of the bill. This, in itself, was at odds with Mr Garipoglu's statement to Senior Member A of the London Head Office Compliance and Management Team on 22 May 2014 (referred to above at paragraph 4.140) that Turkey Branch Employee A had not, at that point, moved to the UK.
- 4.151. Within 10 minutes of receiving Turkey Branch Employee A's email, Senior Member B of the London Head Office Compliance and Management Team emailed Mr Garipoglu and Turkey Branch Senior Manager C (removing Turkey Branch Employee A and Senior Member A of the London Head Office Compliance and Management Team), stating: *"If you want to do this Get it done properly Took 30 seconds to figure out !!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!"*. Mr Garipoglu asked which part of Turkey Branch Employee A's information was wrong to which Senior Member B responded *"The block is an office block How you got away with using it doesn't really matter as you only fill a control function off SEO [Senior Executive Officer] Obviously photo shopped And [Turkey Branch Employee A] uses his home Turkish address Pls ..... work harder"*.
- 4.152. Mr Garipoglu thanked Senior Member B for highlighting the inconsistency between Turkey Branch Employee A's CV and the April 2014 Gas Bill. However, he nonetheless went on to contend that both he and Turkey Branch Employee A lived at the Office Address, stating:

*"My home is there , I have a bed , and since my 7 years uk history I always gave office address as I live there , and no body can prove otherwise , my bills goes there etc etc , ( also unrelated but never give authorities where you live police being the first )*

*We delegated one bed room there for [Turkey Branch Employee A] , and he lives there now ."*

- 4.153. Contrary to his suggestion that he lived with Turkey Branch Employee A at the Office Address, at the time, Mr Garipoglu actually lived in an apartment in London approximately 2 miles from the Office Address. Senior Member B warned Mr Garipoglu that: *"People in London are not as stupid as they look ... if [Senior Member A of the London Head Office Compliance and Management Team] is happy to put forward a fraudulent application I would be surprised, I will not be."* Mr Garipoglu paid no heed to the warning, stating:

*"I totally understand but which part is a problem.*

*I am declaring that I live there , its my right so , no legal stoppers , so which part is against the law , tell me and I wont do it for my sake as well ,*

*Eventhough [sic] you think I live somewhere else , its my problem , I am supplying what ever is needed . ( same for [Turkey Branch Employee A] )*

*These are doable things".*

- 4.154. Senior Member B of the London Head Office Compliance and Management Team continued to express his unhappiness with Mr Garipoglu, stating: *"I am not going to argue with you, you do what you want, this is just wrong"*. Senior Member B then replied to Turkey Branch Employee A's earlier email attaching his CV and the April 2014 Gas Bill, as follows:

*"1 make your home address on your CV matches your home address*

*2 There are no residential addresses at that address it is an office block !*

*3 makes sure the barcode on the bill matches required address data ...".*

- 4.155. However, Mr Garipoglu responded to Senior Member B on 4 June 2014, stating: *"That block is a mix" and "That's also my residential address"*.
- 4.156. Turkey Branch Employee A responded to Mr Garipoglu and Senior Members A and B on 4 June 2014 and provided an updated version of his CV. The only change to the original CV was to switch the Turkish address to the Office Address and to delete a Turkish landline telephone number. Like the previous one, this version of the CV still stated that Turkey Branch Employee A had only ever worked in Turkey and had been employed at the Turkey Branch of Company A since 2010 in a business development role.
- 4.157. On seeing his revised CV, Mr Garipoglu immediately emailed Turkey Branch Employee A, removing Senior Members A and B of the London Head Office Compliance and Management Team, from the conversation but copying in Turkey Branch Senior Manager C. In his email, Mr Garipoglu took issue with Turkey Branch Employee A for not also changing his CV to make it more relevant to the MLRO role, in Turkish, stating:
- "could you please think a lil bit. You should say compliance instead of business dev or for the others you should say compliance please"*
- 4.158. Mr Garipoglu then emailed Senior Members A and B of the London Head Office Compliance and Management Team to inform them that Turkey Branch Employee A would update his CV, stating *"it is not correct"*.
- 4.159. Turkey Branch Employee A then sent a further revised version of his CV to Senior Member A of the London Head Office Compliance and Management Team on 6 June 2014. This version was very similar to the previous version, sent on 4 June 2014, save that Turkey Branch Employee A had underlined the word 'MLRO' in respect of a training course he had attended and changed his 'Interests' from *"Soccer, Fitness, Cross Fit, Dogs, Motorcycles, Rock'n Roll"* to *"Anti Money Laundering, Financial Markets, Technical Analysis"*
- 4.160. Senior Member A of the London Head Office Compliance and Management Team (who had been away on leave) responded to Turkey Branch Employee A's email enclosing his further revised CV and the April 2014 Gas Bill on 16 June 2014, stating:

*"Even if an application is made, which I will not do using fraudulent information, I still very much doubt if you have the required experience".*

4.161. Mr Garipoglu responded on 16 June 2014, stating *"Where is the fraudulent information?"* to which Senior Member A responded:

*"Kasim*

*Please do not attempt to play games with me on this.*

*[Turkey Branch Employee A] does not live in the UK which is required for the MLRO.*

*You know that, and I know that.*

*If he does live here then he can pop in and see me, and invite me round to his place for dinner... hmm not going to happen.*

*Supplying what I can only presume is a fictitious gas bill with his name on it from your other business address is fraud and I/WE will not be party to it.*

*Even if the gas bill is actually genuine, [Turkey Branch Employee A] does not live there, so we (that is ALL parties at [Company A]) would be knowingly committing fraud".*

4.162. Mr Garipoglu responded, again on 16 June 2014, stating:

*"We are not violating [sic] any rules or laws , if there is any let me know and will not do it .*

*As like I live there , so does [Turkey Branch Employee A] ,*

*every argument will be a counter one , so its subjective views*

*And when arguable and subjective and defandable [sic] we do the practical one*

*Bill is real , if you call Vodafone or bt and tell them to issue it under xxx , they change the records and send it from their office .*

*Don't know if a law has passed in my absence than an individual can not live and sleep in perimises [sic] that he owns or rents .*

*He can come to the office anytime when it is required , etc etc etc , all subjective and arguable".*

4.163. Senior Members A and B of the London Head Office Compliance and Management Team continued to try to dissuade Mr Garipoglu from putting forward Turkey Branch Employee A as MLRO, given that he lived in Turkey. However, Mr Garipoglu was apparently relaxed about Turkey Branch Employee A using the Office Address as his purported address as he used it himself (even though, in reality, he did not live there) stating: *"Since 7 years of uk history always gave office address no problems even once, banks or regulators or elsewhere . ( and also in turkey , never share where you actually live with authorities [smiley face] )"*. Senior Member B then told Mr Garipoglu: *"You can bullshit most people some of the time, but not all the people all the time!"*. Mr Garipoglu encouraged Senior Manager B to move on, stating *"lets deal with real issues ..."*.

4.164. The disagreement between Senior Member A of the London Head Office Compliance and Management Team and Mr Garipoglu continued by email with Senior Member A adamant that Turkey Branch Employee A did not live at the Office Address, nor in the UK, and that any application to the Authority stating otherwise would be *"fraudulent"*. Mr Garipoglu maintained that Turkey Branch Employee A did live in the UK at the Office Address and that it would not be fraudulent to say this. By way of response, Senior Member A stated:

*"OK, please confirm then the following, so we are all clear on this.*

*You, Kasim Garipoglu, the owner and CEO of [Company A], a UK registered and FCA regulated company are instructing me to apply to the FCA for [Turkey Branch Employee A] to be MLRO.*

*I am to do this on your behalf despite the fact that I know, as does everyone else, that [Turkey Branch Employee A] does not reside in the UK which is a requirement for regulation.*

*I am to provide the FCA with a UK residential address for [Turkey Branch Employee A] despite my full knowledge that this is fabricated and the fact [Turkey Branch Employee A] resides in Turkey."*

- 4.165. Mr Garipoglu's response was brief, as follows: "No because your information is wrong . AND FOR THE RECORD , BOTH MY SELF AND [Turkey Branch Employee A] , RESIDES IN THE UK". Senior Member A subsequently wrote back to Mr Garipoglu, quoting SYSC 6.3.10G, as follows:

*"The FCA expects that a firm's MLRO will be based in the United Kingdom'*

*Can you please confirm to me that you, the CEO, are instructing me to apply to the FCA for [Turkey Branch Employee A] to be MLRO and that the above statement is applicable for him.*

*Given the fact that we all know it is not applicable to him then I am intrigued how you think this will not be fraudulent mis-representation.*

*[Turkey Branch Employee A] is not based in the UK."*

- 4.166. Once again, Mr Garipoglu's response was brief and he simply stated: "This phrase or info you know is incorrect ... So there is nothing wrong , rather than all spending time on unimportant subjects".

- 4.167. As it transpired, Turkey Branch Employee A did not in fact take up the MLRO position and no application for approval was made to the Authority in this respect.

Mr Garipoglu's post-event comments on purportedly living at the Office Address with Turkey Branch Employee A and the April 2014 Gas Bill

- 4.168. During the Authority's investigation and prior to the issue of the Warning Notice, Mr Garipoglu had numerous opportunities to comment upon the question of whether he and Turkey Branch Employee A really lived at the Office Address (as he claimed was the case in his contemporaneous communications with the London Head Office Compliance and Management Team) and the provenance and authenticity of the April 2014 Gas Bill. However, rather than providing a truthful account, Mr Garipoglu repeatedly sought to mislead the Authority, amongst other

things, by falsely maintaining that he and Turkey Branch Employee A did indeed live at the Office Address and by concealing the fact that he was instrumental in the creation of the April 2014 Gas Bill. These matters have been discussed at length including, as follows:

- (1) by Mr Garipoglu at his interview with the Authority in November 2018;
- (2) in his written submissions to the Authority on behalf of Company B, dated 8 December 2020;
- (3) by Mr Garipoglu at a meeting before the RDC in December 2020;
- (4) by Mr Garipoglu in his interview with the Authority in October 2022; and
- (5) by Mr Garipoglu in a written statement to the Authority, dated 12 December 2022.

4.169. Mr Garipoglu's version of events was that, within the Office Address, there were showers, basic kitchen facilities and rooms with a sofa-bed, and that this was where he and Turkey Branch Employee A (as well as other Turkish nationals) lived. By way of example, Mr Garipoglu has variously informed the Authority that: *"The third floor was a studio that I had, a whole floor and that had residential rooms and places. I was staying there at that time"; "it was my place, and a company of mine was there and also, I was living there as well"; and "[Turkey Branch Employee A] and I reside in that premises ... there were people sleeping it was a studio operation and there were rooms and including myself and some Turkish people when they came ..."*. It was only in his last interview with the Authority in October 2022 when Mr Garipoglu admitted that, in reality, far from living in an office with Turkey Branch Employee A as he had previously contended, he actually had a private residence in London approximately 2 miles from the Office Address, although he still sought to maintain that he had stayed *"for 1-2 nights"* at the Office Address. Moreover, Mr Garipoglu also admitted on this occasion that, during the time when Turkey Branch Employee A was supposedly living at the Office Address, Mr Garipoglu *"personally did not see him"* although he still sought to maintain that he knew that Turkey Branch Employee A was living there.

- 4.170. Likewise, at no point during the Authority's investigation, did Mr Garipoglu acknowledge that the April 2014 Gas Bill was a forgery created at his behest. Although he now no longer contests this allegation, in his previous representations to the Authority between 2020 and 2022, his version of events was that he believed the April 2014 Gas Bill to be real and that, whilst he was unaware as to how Turkey Branch Employee A had obtained it, he understood in general terms that it was possible for staff to obtain such bills as a proof of address by requesting them from the relevant utility company. For example, at his interview with the Authority in October 2022, Mr Garipoglu specifically reiterated to the Authority that the April 2014 Gas Bill was "real", that it had been obtained by Turkey Branch Employee A independently of him such that Mr Garipoglu did not know "the origins of the bill" but that "there is no motive why should anyone fake this". Having ascertained that Mr Garipoglu was instrumental in creating the April 2014 Gas Bill, it is apparent that the explanations that he provided to the Authority as to its provenance and authenticity are entirely false.
- 4.171. Accordingly, the Authority considers that Mr Garipoglu acted with a lack of honesty and integrity in repeatedly making false assertions to the Authority that he and Turkey Branch Employee A lived at the Office Address, that he believed that the April 2014 Gas Bill was real and that it had been obtained by Turkey Branch Employee A as proof of his residency in the UK as opposed to by fraudulent means.

#### **Use of a forged proof of address in support of an application to the BVI Financial Services Commission**

- 4.172. The original gas bill in respect of energy supplied at Mr Garipoglu's London Residence which was used to create the April 2014 Gas Bill was also the basis for an additional forgery ("the December 2013 Gas Bill") which, separately, was used by an employee of Mr Garipoglu's as his purported proof of address in the context of an application made to the BVI Financial Services Commission.
- 4.173. A company within the global group of companies owned by Mr Garipoglu was seeking to obtain authorisation from the BVI Financial Services Commission (in the context of which Mr Garipoglu falsely claimed to have had a university degree – see paragraphs 4.199 to 4.205 below). Turkey Branch Senior Manager D had been nominated to be the internal auditor in respect of the BVI applicant company and approval for him to perform this role was being sought as part of the application. Accordingly, in support of the application, Turkey Branch Senior

Manager D was required to provide the BVI Financial Services Commission with proof of his address. This request was sent to Mr Garipoglu and was responded to by Turkey Branch Senior Manager D (copied to Mr Garipoglu). However, the purported proof of address that Turkey Branch Senior Manager D used for this purpose was another false version of the same utility bill that Mr Garipoglu subsequently used to create the April 2014 Gas Bill and which he provided to Turkey Branch Employee A in support of his application to become MLRO of Company A (see paragraphs 4.137 to 4.167 above).

- 4.174. On this occasion, the utility bill's date had been altered (to 20 December 2013) and Mr Garipoglu's name had been replaced such that the bill was purportedly addressed to Turkey Branch Senior Manager D. However, unlike the April 2014 Gas Bill, the address on the original gas bill had not been altered and it remained that of Mr Garipoglu's London Residence. The Authority has not located direct evidence of Mr Garipoglu orchestrating the forgery of the December 2013 Gas Bill, as in the case of the April 2014 Gas Bill which he provided to Turkey Branch Employee A, but it is inferred that Mr Garipoglu was, once again, instrumental in creating this false document and providing it to Turkey Branch Senior Manager D for use in the context of the application to the BVI Financial Services Commission.

**Failing to complete mandatory AML training courses and asking others to take AML training courses/tests on his behalf**

Asking others to complete training in 2013 and 2014

- 4.175. On at least two occasions during the Relevant Period, Mr Garipoglu asked colleagues at Company A to take mandatory AML courses (which included tests) for him and on his behalf so that he did not need to complete those courses himself. Then, when asked about these events at interview and in representations to the Authority between November 2020 and December 2022, Mr Garipoglu repeatedly sought to mislead the Authority by dishonestly maintaining that he took the test himself, despite clear evidence to the contrary.
- 4.176. By way of background, during the Relevant Period, Company A required its staff to undertake periodic training courses and assessments to develop and test their knowledge of regulatory matters, including AML. As part of this policy, Mr Garipoglu was required to complete a number of mandatory AML training courses and tests from Company A's 3<sup>rd</sup> party online course provider.

- 4.177. Nevertheless, Mr Garipoglu's training records and email correspondence show that he did not always complete mandatory AML training courses during his tenure as an approved person and the most senior member of staff at Company A.
- 4.178. In June and July 2013, Mr Garipoglu received a number of emails from Company A's Compliance Department reminding him that he needed to complete mandatory online AML training courses.
- 4.179. On 26 June 2013, Senior Member A of the London Head Office Compliance and Management Team sent an email to Mr Garipoglu stating that it was "*necessary for regulatory reasons*" that Mr Garipoglu complete an online AML course from Company A's 3<sup>rd</sup> party online course provider. On 5 July 2013, that same colleague sent another email to Mr Garipoglu reminding him to complete the AML course, noting that he had personally scored 100% on that training.
- 4.180. On 6 July 2013 (the following day), Mr Garipoglu replied, asking Senior Member A to take the AML course on his behalf, as follows:

*"Can you do it for me pls".*

- 4.181. However, Senior Member A replied, as follows:

*"I assume (as you have written that in an email) that you are of course joking!*

*There is no hurry, but it needs to be done though".*

- 4.182. By this message, Mr Garipoglu was requesting that Senior Member A of the London Head Office Compliance and Management Team take the mandatory AML course on his behalf so that he did not have to do so. For the avoidance of doubt, contrary to what has since been suggested by Mr Garipoglu, the Authority considers that Mr Garipoglu was not joking in making this request, and Senior Member A did not actually think that Mr Garipoglu was joking.
- 4.183. A certificate of Mr Garipoglu's completed training courses with Company A's 3<sup>rd</sup> party online course provider records that he did not complete any training with that provider in 2013.

4.184. The following year, on 29 July 2014, Mr Garipoglu once again received an email from Company A's Compliance Department stating that he was required to complete a money laundering training course and test. A chaser email was sent to Mr Garipoglu by the Compliance Department on 4 August 2014 indicating that he had not yet completed the training and stipulating that it had to be completed by 8 August 2014.

4.185. On 6 August 2014, Mr Garipoglu forwarded the chaser email to Turkey Branch Employee A with the request, in Turkish:

*"Can someone do it for me please".*

4.186. Turkey Branch Employee A responded on the same day, in Turkish, stating:

*"[another colleague in the Turkey Branch] and I will do it, Mr Kasim".*

4.187. On 7 August 2014, at 1.19pm, Mr Garipoglu received an automated password reset link from the training provider. Two minutes later, at 1.21pm, Turkey Branch Employee A emailed Mr Garipoglu, in Turkish, stating:

*"Mr Kasim, I sent a request to [Mr Garipoglu's work email address] for resetting passwords. Could you please send the code if you received? We cannot take the test without login".*

4.188. Mr Garipoglu forwarded the password reset link to Turkey Branch Employee A at 2.29pm on the same day without comment.

4.189. At 4.03pm, Mr Garipoglu received an email from the 3<sup>rd</sup> party online course provider certifying that he had completed the course with a score of 90%. Two minutes later, at 4.05pm, Turkey Branch Employee A emailed Mr Garipoglu attaching the certificate confirming completion of the AML course and stating, in Turkish:

*"Congratulations, Mr Kasim, your score is 90. Your certificate is attached".*

4.190. Later that evening, Mr Garipoglu forwarded the confirmation he had received from the 3<sup>rd</sup> party online course provider, certifying his completion of the AML training

course, to Senior Member A of the London Head Office Compliance and Management Team, thereby implying that he had completed the required training and test himself.

Mr Garipoglu's post-event comments in relation to the AML course

- 4.191. On multiple occasions between November 2020 and December 2022 (including, amongst other things, at interview with the Authority and in written and oral representations to the Authority on behalf of Company B), Mr Garipoglu repeatedly denied that he asked Turkey Branch Employee A to take the AML course for him and maintained that he personally completed the test on 7 August 2014.
- 4.192. Prior to the issue of the Warning Notice, the version of events that Mr Garipoglu provided to the Authority in purported explanation of the emails summarised at paragraphs 4.180 to 4.190 above is as follows. Mr Garipoglu explained that when he wrote *'Can someone do it for me'* in his email to Turkey Branch Employee A on 6 July 2014 (see paragraph 4.180 above), he was not requesting that someone complete the course for him, but rather that they set up a workstation within the Turkey Branch office where he could take that course. In this regard, Mr Garipoglu claimed that it was his personal preference for others to set up technical equipment on his behalf and that he had sent the request to Turkey Branch Employee A because he spoke English and often assisted with facilitating training at the Turkey Branch office. Mr Garipoglu further claimed that he sent the password reset link to Turkey Branch Employee A so that he could open the course at the workstation, not so that he could take the test. Mr Garipoglu stated that, once that equipment had been set up, he recalled that he had gone to the workstation, completed the course and then left the workstation without logging out. He further stated that Turkey Branch Employee A and the other Turkey Branch office employee involved had then returned to the workstation and Turkey Branch Employee A had sent him a copy of the certificate of completion for the course.
- 4.193. The contemporaneous documentary evidence, namely the emails between Mr Garipoglu and Turkey Branch Employee A on 6 and 7 August 2014, clearly shows that Mr Garipoglu requested that Turkey Branch Employee A take the mandatory AML course on his behalf so that he did not have to do so. Then, when Turkey Branch Employee A, apparently aided by another colleague, had completed that

course and passed the test, Mr Garipoglu passed off the results as his own by sharing the test results with Senior Member A of the London Head Office Compliance and Management Team.

- 4.194. The Authority therefore considers that Mr Garipoglu deliberately and dishonestly sought to mislead the Authority by maintaining, until the issuing of the Warning Notice, that he took the AML course himself and denying that he requested another colleague to do so on his behalf.

#### **Encouraging Turkey Branch Employee A to falsify a degree certificate**

- 4.195. In 2013, Company A engaged 3<sup>rd</sup> party compliance consultants to provide assistance with opening a branch in Australia which was to be authorised by the local regulator, the Australian Securities and Investments Commission (“ASIC”). The 3<sup>rd</sup> party compliance consultants informed Company A that ASIC would require that Turkey Branch Employee A, who was being put forward for approval to hold a particular regulatory function, had certain qualifications in order to be approved.
- 4.196. In response, on 19 June 2013, Mr Garipoglu emailed Turkey Branch Employee A, copying in Turkey Branch Senior Manager C, stating (in Turkish) that he should:

*“Tell them we have everything requested. I don’t have a bachelor’s degree either, we created a diploma on Photoshop”.*

- 4.197. When questioned about this email at interview with the Authority in October 2022, Mr Garipoglu admitted that, while he had enrolled at a university located in London, he had not completed his degree or graduated. He explained that having studied at that university for several years, he deliberately paused his studies in September 2008 in order to avoid the requirement of undertaking military service in his home country, such that he never graduated from university. However, Mr Garipoglu denied that he had ever photoshopped his own degree certificate and further contended that, in the email, he was not instructing Turkey Branch Employee A to photoshop his degree certificate to mislead ASIC.
- 4.198. Taking into account the clear wording of his email dated 19 June 2013, the Authority considers that it was not credible for Mr Garipoglu to contend that he was not instructing Turkey Branch Employee A to photoshop his degree certificate

in order to mislead ASIC. Moreover, contrary to his assertion at interview and as described below, the Authority has identified evidence of Mr Garipoglu photoshopping his own degree certificate.

**Falsifying his own degree certificate and holding out that he was a graduate and held a university degree**

Application to the BVI Financial Services Commission

- 4.199. Despite never having graduated from university (as described above), Mr Garipoglu made a number of formal declarations which expressly represented that he had obtained a university degree. In addition, Mr Garipoglu had one of his employees photoshop a fake degree certificate in his name to be provided to the BVI Financial Services Commission in support of an application for authorisation of a BVI company controlled by Mr Garipoglu and a related application for him to be a director of that company.
- 4.200. In February 2013, an application form submitted to the BVI Financial Services Commission for Mr Garipoglu's approval as director of the abovementioned BVI company stated that he had received "*a diploma*" in Economics and Business Administration, having completed his studies at university in London in 2007. In this regard, although he had not in fact received a diploma or graduated from university, Mr Garipoglu nonetheless signed the formal declaration on the application form verifying the accuracy and truth of its contents.
- 4.201. On 14 February 2013, the prospective Compliance Officer/MLRO of the BVI company informed Mr Garipoglu that, as part of the application, he would need to provide: "*Certified copies of academic and other qualifications*" to the BVI Financial Services Commission.
- 4.202. On 21 February 2013 (the date that the application to the BVI Financial Services Commission was made), a junior employee of Mr Garipoglu sent an email to Mr Garipoglu, with no message, attaching a pdf of a Bachelor degree certificate. The Authority considers that this purported Bachelor degree certificate is a forgery which was created at the behest of Mr Garipoglu on the basis that, as referred to above, Mr Garipoglu did not obtain a degree or graduate from university and, furthermore, the certificate contained errors and inaccuracies which are not consistent with it being a genuine document, as follows: (a) it spelt his name

wrong ('Gaaripoglu' instead of Garipoglu); (b) it referred in two places to having been issued in Texas, USA, not in London, UK; and (c) it spelt Texas wrong in one place ('Texaas' not 'Texas'). Within 20 minutes, the junior employee, obviously realising their error, circulated another version of the purported Bachelor degree certificate, copying in Mr Garipoglu and stating, in Turkish:

*"The correct one is attached. If KG approves, we can send it if there is nothing I missed."*

- 4.203. Attached to that email was a document titled "*dip.jpg*" which was a digital image of a Bachelor degree certificate, correcting the previous errors and purporting to show Mr Garipoglu as being the holder of a Bachelor of Economics and Business Administration degree, dated 7 August 2007, from a London university ("the Corrected Bachelor Degree Certificate"). Once again, the Authority considers that the Corrected Bachelor Degree Certificate is a forgery.
- 4.204. In early March 2013, a fellow director in the BVI company emailed Mr Garipoglu and reminded him that the BVI Financial Services Commission still required, amongst other things, a certified copy of his London university diploma. Mr Garipoglu then contacted a junior employee for an update on these documents and, on 12 March 2013 (at which point the application for authorisation was under consideration by the BVI Financial Services Commission), the junior employee sent an email titled "*BVI docs*" to the prospective Compliance Officer/MLRO of the BVI company, copying in Mr Garipoglu and attaching (amongst other things) a document titled "*diploma.pdf*". This document was the same as the Corrected Bachelor Degree Certificate aside from the fact that it purported to have been notarised. The junior employee's email asked the prospective Compliance Officer/MLRO to "*Please check the docs attached, if you confirm all I will send the originals.*"
- 4.205. The Authority has not located a copy of the false degree certificate in the name of Mr Garipoglu, as ultimately submitted to the BVI Financial Services Commission but, based on the communications that preceded it, the Authority infers that it was the purportedly notarised version of the Corrected Bachelor Degree Certificate which was provided to the prospective Compliance Officer/MLRO of the BVI company for approval on 12 March 2013.

#### Application to St. Kitts & Nevis

- 4.206. On 5 September 2013, Mr Garipoglu completed an application for registration as a citizen of St Kitts & Nevis. A question on the application asked Mr Garipoglu to provide "*details of all the education you have had and qualifications you have obtained*". In response, Mr Garipoglu stated that, from October 2004 until May 2009, he attended a London university and obtained a "*qualification/diploma*" in "*International Business*". Mr Garipoglu signed the form certifying that the information contained within it was "*complete, true and up-to-date in every detail*". As referred to above, in fact, Mr Garipoglu paused his studies in September 2008 and accordingly did not graduate from university or obtain any form of diploma or qualification.

#### The Authority

- 4.207. Moreover, at his interview with the Authority in October 2019, Mr Garipoglu expressly stated that he studied at and graduated from university in the UK.

#### Other applications

- 4.208. In addition to expressly claiming to have been a graduate of a London university as set out above, Mr Garipoglu has also implied that this was the case in a manner which the Authority considers to be misleading, as follows. On multiple occasions between 2014 and 2017, in support of applications submitted to the Authority, Mr Garipoglu's CV referred to the university he attended under the section "*Education*", thereby implying that he was a graduate in "*Economics and Business Administration*" when this is not the case.

#### Mr Garipoglu's post-event comments in relation to holding out that he was a graduate and held a university degree

- 4.209. At his interview in October 2022, when the Authority challenged Mr Garipoglu about the application form submitted to the BVI Financial Services Commission in which he had stated that he had obtained a "*diploma*" having completed his university studies in 2007 (see paragraphs 4.200 above), Mr Garipoglu denied that his response was either potentially misleading or that he "*was indicating that he had a degree*" to that regulator. Despite acknowledging that there were several "*mistakes*" in relation to the contents of this form (which he attributed to the fact

that his staff had completed it for him), including the fact that he did not have a “*diploma*” or a degree of any description and left the university without graduating in 2008, he nevertheless contended that his statements to the BVI Financial Services Commission reflected the nature of his educational record because he did attend and study at university in London. Given that the Authority has identified that Mr Garipoglu was responsible for the creation of a false degree certificate for submission to the BVI Financial Services Commission, the Authority considers that the explanations he provided to the Authority during his interview in October 2022 are not credible.

**False submissions within Mr Garipoglu’s Controller Form in relation to an application for authorisation by Company B**

- 4.210. Mr Garipoglu made false and misleading statements to the Authority as part of an application for authorisation in respect of Company B, in which he had a controlling interest.
- 4.211. By way of background, Company B’s authorisation was revoked after it failed to apply for re-authorisation within the specified timeframe. Thereafter, Company B submitted a new application for authorisation in order that it could resume regulated activities at the earliest opportunity.
- 4.212. As part of the application, Mr Garipoglu signed and submitted a Controller Form, dated 8 August 2018, the purpose of which was to enable the Authority to assess his fitness and propriety as controller of Company B.
- 4.213. The Controller Form included a “*Declaration*”, immediately above Mr Garipoglu’s signature, which stated:

*“Knowingly or recklessly giving the FCA (or providing to another person to give to the FCA) information which is false or misleading, is a criminal offence ... and may lead to disciplinary sanctions or other enforcement action by the FCA ...*

*All information that the FCA might reasonably consider relevant to this notification should be supplied to the FCA. It should not be assumed that information is known to the FCA merely because it is in the public domain or has previously been disclosed to the FCA or another regulatory body, and*

*the applicant is not entitled to assume that, in assessing this application, the FCA will check its existing records in respect of (or information relating to) the applicant or persons connected to it. If there is any doubt about the relevance of information, it should be included.*

...

*I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form."*

4.214. The following questions were included within the Controller Form:

*Question 4.1(ii): "Is the individual controller currently the subject of any pending criminal investigation?"*

*Question 4.5(ii): "Has the individual controller ever been ... the subject of any civil or administrative investigations?"*

*Question 4.6: "Has any entity at which the individual controller holds or has held a position of responsibility ever been subject to any administrative investigations, sanctions or other enforcement decisions for conduct failings?"*

4.215. Mr Garipoglu answered 'No' to each of the above questions in circumstances where he knew that the correct answers should have been 'Yes'. In July 2017, the Authority had formally notified Mr Garipoglu that both he and Company A (where Mr Garipoglu was the most senior person and the ultimate decision-maker) were the subject of criminal/administrative investigations which were ongoing as at August 2018 when the Controller Form was completed and submitted.

4.216. On 29 July 2019, the Authority asked Company B a number of questions in relation to its application for authorisation, including in relation to the Controller Form. On 2 August 2019, in replying to the Authority's questions, Company B also informed the Authority that Mr Garipoglu should have answered 'Yes' to question 4.6 on the Controller Form. Company B explained that this question had been answered 'No' on the basis that an enforcement decision had not, at that time, been made but, having since taken legal advice, it was now appreciated that question 4.6 included any regulatory investigations. Thus, in relation to question 4.6, Company B on behalf of Mr Garipoglu amended the response to 'Yes', unprompted by the

Authority, but no specific correction was made to the answer to either question 4.1(ii) or 4.5(ii) despite those responses also being incorrect.

- 4.217. On 13 May 2020, the Authority asked Company B why Mr Garipoglu had not disclosed the fact that he was the subject of a criminal investigation in the Controller Form. In response, Company B confirmed that Mr Garipoglu should have answered 'Yes' to question 4.1(ii) as well, further stating that this should have been corrected at the same time that they corrected the answer to question 4.6. In this way, in relation to question 4.1(ii), Company B amended the response to 'Yes' in May 2020, after being prompted by the Authority.
- 4.218. In previous representations to the Authority in November and December 2020, Company B and Mr Garipoglu maintained that the incorrect responses in the Controller Form, whereby Mr Garipoglu had not disclosed the investigations in relation to him and Company A, were accidental mistakes as opposed to constituting dishonest or reckless conduct.
- 4.219. In this regard, Mr Garipoglu has put forward the following explanations:
- (1) The non-disclosures occurred in circumstances where Company B was under pressure to apply for and obtain authorisation from the Authority as quickly as possible so that it could resume regulated activities.
  - (2) Accordingly, the Controller Form was completed quickly, without obtaining legal advice and by using an earlier application form as a template.
  - (3) In these circumstances, it had been mistakenly thought that question 4.6 only related to investigations where a determination had already been made.
  - (4) Mr Garipoglu had not noticed the incorrect responses as part of his review of the Controller Form before signing and submitting it to the Authority.
  - (5) When Company B reviewed the Controller Form in 2019, it identified and informed the Authority of the incorrect response in relation to question 4.6 on its own initiative.

(6) Moreover, Mr Garipoglu and Company B understood that the Authority was already aware of the investigations and that the correction on 2 August 2019 was intended to encompass notifying the Authority of all its ongoing investigations (including the criminal investigations) into himself and Company A.

4.220. The Authority does not accept Mr Garipoglu's explanations as to why the failure to disclose the investigations in the Controller Form was an accidental mistake, for the following reasons:

(1) Mr Garipoglu has been clear in confirming that he reviewed the Controller Form before it was signed and submitted.

(2) As set out at paragraph 4.214 above, questions 4.1(ii), 4.5(ii) and 4.6 asked respectively: "*Is the individual controller currently the subject of any pending criminal investigation?*"; "*Has the individual controller ever been ... the subject of any civil or administrative investigations?*"; and "*Has any entity at which the individual controller holds or has held a position of responsibility ever been subject to any administrative investigations, sanctions or other enforcement decisions for conduct failings?*". A true reading of these questions does not bear the interpretation that they only related to investigations where an enforcement decision had been made and the Authority cannot envisage how Mr Garipoglu could, in good faith, have interpreted these questions as not requiring him to disclose the investigations.

(3) The Authority notes that it could have been considered advantageous not to remind the Authority of the investigations, or draw them to the attention of the Authorisations team which was considering Company B's application for authorisation, albeit as a body the Authority would have been aware of the investigations.

(4) The Authority does not consider that the explanation of the circumstances in which the incorrect responses came to be corrected sheds light on the circumstances in which Mr Garipoglu originally came to sign the Controller Form.

(5) As set out in Annex B, the change of account and inconsistencies within that account, as to how the misleading information came to be provided accidentally as a result of the fact that the relevant individual who completed the form was not aware of the ongoing regulatory action by the Authority is not considered to be plausible by the Authority.

4.221. Accordingly, the Authority considers that the incorrect responses given by Mr Garipoglu on his Controller Form (which were not corrected in one case for almost a year and in another until prompted to do so in 2020 by the Authority) provide further evidence that Mr Garipoglu lacks honesty and integrity as they gave a false picture regarding him. In short, the Authority considers that Mr Garipoglu deliberately failed to disclose the ongoing investigations into both himself and Company A so as to avoid raising any issues which might delay the processing of the application and with the intention of obtaining authorisation for Company B as quickly as possible so that it could resume regulated activities.

## **5. LACK OF FITNESS AND PROPRIETY**

5.1. The regulatory provisions relevant to this Notice are referred to in Annex A.

5.2. The Authority considers that Mr Garipoglu's conduct during the Relevant Period demonstrates that he lacks honesty and integrity. The key aspects of Mr Garipoglu's conduct which demonstrate that he lacks honesty and integrity are as follows:

(1) The Authority has identified documentary evidence over the period April 2012 until August 2015 which shows that Mr Garipoglu, in the course of his role at Company A and whilst an approved person at that firm, communicated with his staff in a manner that was highly inappropriate in the context of the level of responsibility he possessed. In this evidence, which comprises a significant number of email chains, Mr Garipoglu expressed views which, amongst other things, demonstrate:

a) A disregard for AML and compliance obligations and general regulatory requirements.

b) A disregard for the advice and views of AML and compliance personnel.

- c) A willingness to instruct a course of action either: (i) without an honest and reasonable belief that it is compliant with regulatory requirements (including AML obligations); or (ii) being reckless as to whether or not that course of action is compliant with such requirements.
  - d) A willingness to run a serious risk of breach of regulatory requirements (including AML obligations), or actually breach such requirements, in order to try to achieve a commercial advantage. Further, these views demonstrate a willingness to do so on the basis of, amongst other things, a calculated assessment of the potential commercial benefit to be derived from that course of conduct as compared to the perceived risk of detection and the size of any resultant penalty.
  - e) Positive encouragement for excessive risk-taking in relation to regulatory compliance and applause for staff who prioritise profitability at the expense of regulatory compliance.
- (2) In the course of his role at Company A, on a significant number of occasions, Mr Garipoglu also misled, overruled and undermined compliance personnel, including senior AML and compliance professionals, and the UK management of that firm.
- (3) Accordingly, rather than espousing the correct culture and behaviours at Company A, Mr Garipoglu contributed to an environment in which, amongst some staff (either directly employed by Company A or employed by other companies controlled by Mr Garipoglu), there was a disregard for AML and compliance obligations and general regulatory requirements, and a willingness to openly express views of a highly inappropriate nature to senior managers.
- (4) In addition, between February 2013 and December 2022, Mr Garipoglu deliberately sought to mislead the Authority and other regulatory bodies by providing false and/or misleading documentation or information in relation to, amongst other things:

- a) Compulsory AML training which he falsely claimed to have undertaken (maintaining that he had taken a test himself despite there being a clear documentary audit trail showing that he asked someone else to take it for him).
- b) The creation and use of a forged utility bill which purported to evidence the London residence of Turkey Branch Employee A with whom Mr Garipoglu falsely claimed to have lived.
- c) His university education given that, in reality, Mr Garipoglu did not graduate from university.
- d) An application for authorisation by Company B in respect of which Mr Garipoglu (as its ultimate beneficial owner) provided answers to questions that he knew to be false on the Controller Form which was submitted to the Authority as part of the application for authorisation.

5.3. Whilst the Authority acknowledges that the conduct summarised at paragraphs 5.2(1) to 5.2(3) above, which occurred during Mr Garipoglu's tenure as an approved person at Company A, dates back to the period April 2012 until August 2015, more recently (at interview with the Authority and in submissions made on his behalf to the Authority over the period November 2018 to December 2022), Mr Garipoglu maintained, until receipt of the Warning Notice, that there was nothing improper about his communications with staff which, in his opinion, in fact constituted "*good governance*". Given that Mr Garipoglu only recently accepted that he acted improperly, the Authority considers that the passage of time does not in any way alleviate its concerns in this area.

5.4. As a result of his conduct taken as a whole, the Authority considers that Mr Garipoglu is not a fit and proper person to perform any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm on the basis that he lacks honesty and integrity.

## **6. PROHIBITION**

6.1. The Authority has the power to prohibit an individual under section 56 of the Act if it appears to the Authority that the individual is not a fit and proper person. As set out in paragraph 5.4 above, the Authority considers that Mr Garipoglu is not

a fit and proper person to perform any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm. Further, in light of the serious nature of Mr Garipoglu's misconduct, involving a lack of honesty and integrity over an extended period of time until December 2022, and taking into account that, prior to the issue of the Warning Notice, Mr Garipoglu did not accept that he had behaved improperly and instead sought to justify his behaviour, the Authority considers that Mr Garipoglu poses a risk to consumers and to the integrity of the UK financial system.

- 6.2. The Authority considers that it is therefore appropriate and proportionate in all the circumstances to make an order prohibiting Mr Garipoglu from performing any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm.
- 6.3. The Authority considers the action set out in this Notice will advance its operational objectives of securing an appropriate degree of protection for consumers and protecting and enhancing the integrity of the UK financial system. The Authority has also had regard to the guidance in Chapter 9 of the Enforcement Guide ("EG"), the relevant provisions of which are set out in Annex A to this Notice.

## **7. REPRESENTATIONS**

- 7.1. Annex B contains a summary of the key representations made by Mr Garipoglu in response to the Warning Notice and how they have been dealt with. In making the decision which gave rise to the obligation to give this Notice, the Authority has taken into account all of the representations made by Mr Garipoglu whether or not set out in Annex B.

## **8. PROCEDURAL MATTERS**

- 8.1. This Notice is given to Mr Garipoglu under and in accordance with section 390 of the Act.
- 8.2. The following statutory rights are important.

### **Decision maker**

- 8.3. The decision which gave rise to the obligation to give this Notice was made by the RDC. The RDC is a committee of the Authority which takes certain decisions on behalf of the Authority. The members of the RDC are separate to the Authority staff involved in conducting investigations and recommending action against firms and individuals. Further information about the RDC can be found on the Authority's website:

<https://www.fca.org.uk/about/who-we-are/committees/regulatory-decisions-committee>

### **Publicity**

- 8.4. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the Authority must publish such information about the matter to which this Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to Mr Garipoglu or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
- 8.5. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

### **Authority contacts**

- 8.6. For more information concerning this matter generally, contact Gareth Buttrill at the Authority (email: [gareth.buttrill@fca.org.uk](mailto:gareth.buttrill@fca.org.uk)).

**Lisa Ablett**  
**Interim Head of Department**  
**Enforcement and Market Oversight**

## **Annex A**

### **RELEVANT STATUTORY AND REGULATORY PROVISIONS**

#### **RELEVANT STATUTORY PROVISIONS**

1. The Authority's statutory objectives are set out in section 1B(3) of the Act and include securing an appropriate degree of protection for consumers (section 1C of the Act) and protecting and enhancing the integrity of the UK financial system (section 1D of the Act).
2. Section 56 of the Act provides that the Authority may make an order prohibiting an individual from performing a specified function, any function falling within a specified description or any function, if it appears to the Authority that that individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person, exempt person or a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description, or all regulated activities.

#### **RELEVANT REGULATORY PROVISIONS**

##### The Fit and Proper Test for Approved Persons

3. The part of the Authority's Handbook entitled "*The Fit and Proper Test for Approved Persons*" ("FIT") sets out the criteria that the Authority will consider when assessing the fitness and propriety of a candidate for a controlled function. FIT is also relevant in assessing the continuing fitness and propriety of an approved person.
4. FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person, as more particularly described in FIT 2. The most important considerations will be the person's honesty, integrity and reputation, competence and capability and financial soundness.
5. FIT 2.1.1G provides that, in determining a person's honesty and integrity, the Authority will have regard to all relevant matters, including, but not limited to, those set out in FIT 2.1.3G which may have arisen either in the United Kingdom or elsewhere.

6. FIT 2.1.3G sets out a non-exhaustive list of the matters referred to in FIT 2.1.1G which the Authority will have regard to in determining a person's honesty and integrity, including the following:

"[...] (10) whether the person, or any business with which the person has been involved, has been investigated, disciplined, censured or suspended or criticised by a regulatory or professional body, a court or Tribunal, whether publicly or privately; and [...]

(13) whether, in the past, the person has been candid and truthful in all their dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards."

The Authority's policy for exercising its power to make a prohibition order

7. The Authority's policy in relation to prohibition orders is set out in Chapter 9 of EG.
8. EG 9.1 states that the Authority may exercise this power where it considers that, to achieve any of its regulatory objectives, it is appropriate either to prevent an individual from performing any functions in relation to regulated activities or to restrict the functions which he may perform.
9. EG 9.2 sets out the Authority's general policy on making prohibition orders. In particular:
- EG 9.2.1 states that the Authority will consider all relevant circumstances;
  - EG 9.2.2 states that the Authority has the power to make a range of prohibition orders depending on the circumstances of each case and the range of regulated activities to which the individual's lack of fitness and propriety is relevant; and
  - EG 9.2.3 states that the scope of a prohibition order will depend on, among other things, the reasons why the individual is not fit and proper and the severity of risk he poses to consumers or the market generally.
10. EG 9.3.5 sets out examples of types of behaviour which have previously resulted in the Authority deciding to issue a prohibition order or withdraw the approval of an approved person, including the following: (1) providing false or misleading

information to the [Authority](#); (2) failure to disclose material considerations on application forms; and (3) severe acts of dishonesty.

11. EG 9.5.1 states that where the Authority is considering making a prohibition order against an individual who is not an approved person, the Authority will consider the severity of the risk posed by the individual and may prohibit the individual where it considers this is appropriate to achieve one or more of its statutory objectives.
  
12. EG 9.5.2 provides that, when considering whether to exercise its power to make a prohibition order against an individual who is not an approved person, the Authority will consider all the relevant circumstances of the case. These may include, but are not limited to, where appropriate, the factors set out in EG 9.3.2. Those factors include: (2) whether the individual is fit and proper to perform functions in relation to regulated activities (noting the criteria set out in FIT 2.1, 2.2, and 2.3); (5) the relevance and materiality of any matters indicating unfitness; (6) the length of time since the occurrence of any matters indicating unfitness; and (8) the severity of the risk which the individual poses to consumers and to confidence in the financial system.

## ANNEX B

### REPRESENTATIONS

1. A summary of the key representations made by Mr Garipoglu, and of the Authority's conclusions in respect of them (in **bold**), is set out below.

#### **The Allegations**

##### Mr Garipoglu's acceptance of the Historical Allegations and Lack of Candour Allegations

2. Mr Garipoglu groups the factual allegations giving rise to the proposal to issue a prohibition order against him under three headings: (i) the Historical Allegations (dating from 2012-2015), which are the primary allegations and cover the principal events; (ii) the Application Form Allegations (dating from August 2018 in respect of Company B's application for authorisation); and (iii) the Lack of Candour Allegations (false statements alleged to have been deliberately made by Mr Garipoglu to the Authority between November 2018 and December 2022), which are parasitic on the Historical Allegations in that they rely on Mr Garipoglu's failure to admit the Historical Allegations.
3. Mr Garipoglu accepts, belatedly, the Historical Allegations and Lack of Candour Allegations raised against him and will not contest them. Although he cannot formally admit these matters, and does not recall all of the details of some of the events, he accepts that they are serious and that there are sufficient grounds for the Authority to conclude that he is not a fit and proper person. He is now a changed man (see further below), feels nothing but shame in respect of many of the Historical Allegations and regrets his decision to contest these matters in his various interviews with the Authority. However, as explained further below, Mr Garipoglu does not accept the Authority's findings in respect of the Application Form Allegations, nor does he accept that he should be prohibited.
4. Mr Garipoglu's change in attitude towards the Historical Allegations and the Lack of Candour Allegations has not been adopted out of expediency. He has reflected at length over the events that occurred between 2012 and 2015 and genuinely regrets his past conduct. The very fact that he candidly now accepts his past conduct and has thus also accepted that he previously and erroneously refused to accept culpability, must evidence some change of heart. However, he did not realise the full extent of his wrongdoing until he reviewed the Warning Notice in August 2024.
5. **The Authority does not agree with Mr Garipoglu's characterisation of the allegations, which gives the impression that there is a hierarchy of misconduct and that the Historical Allegations are more serious and more important than the other allegations (albeit Mr Garipoglu acknowledges that the Lack of Candour Allegations are serious). This appears to be an attempt to portray the gravamen of the Authority's concerns as less recent than is in fact the case. In fact, all of the allegations set out in this Notice are very serious and involve either a lack of honesty or integrity. Describing Mr**

**Garipoglu's false statements to the Authority between November 2018 and December 2022 as the "Lack of Candour Allegations" implies that this misconduct only involved a lack of openness by Mr Garipoglu, when in fact his false statements were made deliberately and dishonestly in an attempt to cover up earlier misconduct.**

- 6. The Authority acknowledges, and has had regard to the fact, that Mr Garipoglu now admits the majority of the allegations, but as he did not do so until after the Warning Notice was issued, the Authority does not accept that this demonstrates genuine regret for his past conduct. Mr Garipoglu's representations on the Warning Notice are the first time that he has accepted any of the allegations made against him, despite having been given the opportunity to do so on multiple occasions since the opening of the Authority's Enforcement investigation in July 2017. During the Authority's investigation and its assessment of Company B's application for authorisation, aspects of the misconduct set out in this Notice have been put to Mr Garipoglu. However, at interviews, through written statements and in oral and written representations, Mr Garipoglu steadfastly refused to accept any culpability on his part over a period of approximately four years. He also sought to make a virtue of some of his improper communications, maintaining that they constituted good governance, and put forward entirely dishonest explanations in order to cover up earlier misconduct.**
  
- 7. The Authority is not persuaded by Mr Garipoglu's explanation for his change of attitude towards the allegations and considers that it lacks credibility. The Authority considers that it is more likely that his admissions since receiving the Warning Notice are borne out of the fact that he has been advised that he has no prospect of defending this case on the merits. In the Authority's view, the underlying reason for his change of stance is to attempt to avoid the imposition of a prohibition order, rather than because there has been any real change or rehabilitation on his part.**

Mr Garipoglu is a changed man

8. The facts and matters underlying the Historical Allegations show a raw and immature entrepreneur in his twenties, pushing the limits without appreciating that the compliance standards of those around him really mattered. Mr Garipoglu was a risk-taker who was extremely unrefined in his appreciation of business ethics and the fundamental requirement of integrity. However, he did care very much about the need to treat his customers fairly and to ensure that they did not suffer loss. His businesses are all solvent and there is not a single instance of any customer being the victim of unethical practices. He has built up a significant business and there is no evidence that he has in fact caused any loss to any consumer anywhere.
  
9. The last of the Historical Allegations relates to conduct which took place in 2015 and the more serious of those allegations arose from conduct in 2014. The evidence, including that of the most senior compliance officer in his group of companies, shows that Mr Garipoglu, who is now in his late thirties, has matured in the decade since and is now a changed man. Mr Garipoglu is also able to provide reliable evidence that since 2020 he has acted in an entirely appropriate manner towards compliance issues.

10. **The Authority considers that Mr Garipoglu has sought to downplay and distance himself from the matters set out in this Notice by suggesting that they occurred as a result of immaturity and his being in his twenties. In fact, much of the misconduct occurred when he was in his thirties, with the misconduct during his tenure as an approved person at Company A occurring when he was in his late twenties. Further, the serious nature of the misconduct is irreconcilable with mere foolishness or immaturity. He therefore cannot credibly attribute the misconduct to youthful inexperience or misjudgement.**
11. **The Authority does not accept Mr Garipoglu’s broad and largely unevidenced assertions that he cared about treating customers fairly. There are a number of occasions referred to in this Notice in which Mr Garipoglu showed a disregard for his customers, for example, his attitude towards the regulatory requirements and processes for the onboarding of new customers when trying to introduce the Competitor Model (see paragraphs 4.25-4.38 of this Notice). These examples show that, rather than actually caring about protecting his customers, Mr Garipoglu prioritised growing his business and increasing profits regardless of regulatory risks.**
12. **The Authority does not accept Mr Garipoglu’s assertion that he is now a changed man. His misconduct continued for a long time after the Historical Allegations and he did not accept any of the allegations against him until he received the Warning Notice. Mr Garipoglu refers to evidence “*that since 2020 he has acted in an entirely appropriate manner towards compliance issues*” yet his last attempt to mislead the Authority took place in December 2022. Mr Garipoglu has also provided witness evidence regarding his character from senior individuals in his group of companies, including individuals working in compliance. However, as highlighted at paragraphs 4.82-4.87 of this Notice, Mr Garipoglu has shown a willingness to mislead compliance personnel. Further, Mr Garipoglu has acknowledged that he withheld material information about the Authority’s investigation of him from senior members of staff at his group of companies, including not informing some witnesses that he was under investigation until he received the Warning Notice and not sharing a copy of the Warning Notice with the other witness. In the circumstances, the Authority considers that only limited weight should be given to the witness evidence. In addition, in the oral representations meeting before the RDC, Mr Garipoglu’s legal representative stated that Mr Garipoglu admitted, following receipt of the Warning Notice, that he had not previously been telling them the truth about the nature of his conduct during the seven-year period that they had been instructed. The Authority therefore is not satisfied that the evidence supports the conclusion that Mr Garipoglu has reformed.**

## The Lack of Candour Allegations

13. Mr Garipoglu accepts that the Lack of Candour Allegations are serious and that he made a fundamental mistake at the outset of the investigations in deciding to dispute all of the allegations. He found it difficult to correct a false statement once it had been made and this gave rise to a vicious cycle of denial. However, to his credit, he has now broken this cycle of denial and provided a far more candid statement in respect of the issues pertaining to the lack of candour.
14. Mr Garipoglu accepts that the case against him is not simply based on wrongdoing around a decade ago. His denials of wrongdoing started in 2018 and continued until 2022. However, denial of wrongdoing is different in character to the actual wrongdoing itself. Even honest people may be prone to deny an allegation when they should admit it. It takes a higher degree of moral rectitude to admit a misdeed than to avoid the misdeed in the first place.
15. The Lack of Candour Allegations must be viewed in the round, and balanced against: (i) the length of time the Authority's Enforcement investigation has taken; (ii) the historical nature of the primary allegations (i.e. the Historical Allegations); (iii) Mr Garipoglu's more recent admissions; and (iv) the gap of three years between the last Historical Allegation and the first Lack of Candour Allegation, during which period there is no evidence of any wrongdoing (save for the Application Form Allegations which should be rejected on their merits).
16. **Mr Garipoglu did not just deny the allegations put to him, rather he put forward entirely false explanations in order to try and cover up his earlier misconduct (for example, by claiming to have no reason to doubt the provenance of a forgery which he himself had commissioned as set out at paragraphs 4.168-4.171 of this Notice). The assertion that "even honest people may be prone to deny an allegation" does not apply to Mr Garipoglu whose behaviour in lying to the Authority and perpetuating those lies was dishonest. Further, in the Authority's view, Mr Garipoglu's assertion that "it takes a higher degree of moral rectitude to admit a misdeed than to avoid the misdeed in the first place" is simply another attempt to downplay the seriousness of his more recent misconduct so as to support his claim to be a changed man. It appears to suggest that Mr Garipoglu considers it normal to deny misconduct and that, having done so, perpetuating that denial cannot be avoided.**
17. **The Authority does not accept the points made by Mr Garipoglu regarding the appropriate weight to give to the Lack of Candour Allegations. In particular, the Authority notes that Mr Garipoglu's false statements to the Authority were dishonest, made during the course of the Enforcement investigation, and continued until little more than two years ago; and that, as explained above, his recent admissions appear to have been made for expediency reasons, rather than because he is a changed man.**

## The Application Form Allegations

18. Company B was required to reapply to the Authority for authorisation as an e-money institution by 13 April 2018 pursuant to the Second Payment Services Directive. Due to an innocent administrative error, this deadline was missed – leading to the cancellation of Company B’s authorisation on 8 August 2018. Mr Garipoglu signed the Controller Form on the same day and an application form for Company B was completed and submitted in a rush on 14 August 2018. It was plainly an error that in the Controller Form the answer ‘No’ was given to the questions regarding whether there were any ongoing civil/administrative or criminal investigations regarding Company B. The Authority had commenced such investigations into Company B the previous year, so there could be no expectation or intention that a false answer might mislead the Authority. The Authority knew the true position.
19. Company B itself wrote to the Authority to correct the error regarding civil/administrative investigations, on 2 August 2019. Further, the fact that this discrepancy was a genuine error has been corroborated by witness statements from two individuals who are aware of the circumstances surrounding Company B’s application form. The discrepancy also appeared to be of no apparent concern to the Authority, which did not raise the matter at all during Mr Garipoglu’s authorisation interview on 2 October 2019 - straight after the error was flagged. On 13 May 2020, the Authority raised the inaccuracy regarding the existence of a criminal investigation in correspondence.
20. It is implausible that these errors were the product of any lack of honesty or integrity. They may indicate a lack of care in completing the forms, but that is as far as it goes. Mr Garipoglu did not fill-in the Controller Form himself and it is inherently more plausible that he did not notice the errors than that they were deliberate omissions; people do make mistakes and there would be no reason to lie about matters that were within the Authority’s knowledge. Since this point in time both the Authority and Mr Garipoglu’s lawyers have failed to notice other errors on the form.
21. The senior individual at Company B with overall responsibility for completing the Controller Form was, at that time, not aware of the existence of the investigations being conducted into Company A, Company B and Mr Garipoglu by the Authority. The fact that the senior individual’s explanation has changed, having previously incorrectly stated that the question had been answered ‘No’ on the basis that an Enforcement decision had not yet been made, does not mean that there has been a conspiracy to mislead the Authority. If their whole account was an invention, surely it would have been better for them to stick to their original story. They categorically state that the misstatement on the form was an error and that there was no intention on Mr Garipoglu’s part to conceal information from the Authority.
22. EG 9.3.5(2), which sets out examples of types of behaviour which have previously resulting in the Authority deciding to issue a prohibition order, shows that the nature of the information not disclosed can also be relevant to the question of an individual’s fitness and propriety. The examples of such non-disclosed information set out in this provision are not instances where the Authority would already have been aware of the non-disclosed information (such as criminal convictions or dismissal for criminal or

regulatory breaches). In this case, Mr Garipoglu's non-disclosures related to information of which the Authority was already aware. Mr Garipoglu does not deny that he completed Company B's Controller Form incorrectly, however, this was due to carelessness only. It was not a deliberate or reckless attempt to mislead the Authority and cannot reasonably be viewed as such considering the Authority was already privy to this information.

23. Mr Garipoglu is also aware that the Authority issued a Final Notice to Kristo Kaarmann on 27 October 2024. In that case, Mr Kaarmann, the CEO and director of a firm authorised by the Authority as an electronic money institution, had failed to disclose a tax issue to the Authority (albeit not on an application form). Mr Kaarmann also did not disclose the issue to the authorised firm, which was therefore unable to assess it and notify the Authority. The Authority concluded that Mr Kaarmann was careless (rather than deliberate or reckless) in failing to make that disclosure, and that given Mr Kaarmann's experience, knowledge and senior position, he ought to have appreciated that the Authority would have reasonably expected to be notified of these issues. Notwithstanding this, Mr Kaarmann received a financial penalty only and was not the subject of a prohibition order. Therefore, Mr Garipoglu contends that whilst a failure to disclose relevant material is an example of behaviour which may result in a prohibition order, a prohibition order is not mandated in these circumstances, especially where the non-disclosure was due to carelessness only.
24. **The Authority has concluded, on the balance of probabilities, that the false responses given by Mr Garipoglu on his Controller Form were not simply innocent mistakes caused by carelessness, and does not accept that it is implausible that they were the product of any lack of honesty or integrity. The Authority also does not agree that the non-disclosures "cannot be reasonably viewed" as a deliberate or reckless attempt to mislead the Authority because the Authority was already aware of the information that was not disclosed. Rather, the Authority considers it is more likely, especially having regard to Mr Garipoglu's unwillingness to comply with regulatory obligations as evidenced in this Notice, that Mr Garipoglu deliberately failed to disclose the ongoing investigations to avoid raising any issues which might delay the processing of Company B's application, so that Company B could then obtain re-authorisation and resume regulated activities as quickly as possible.**
25. **The Authority notes that the senior individual at Company B has, at this late stage, materially changed their account of these events in circumstances where these allegations have already been examined in the context of the Authority's assessment and subsequent refusal of Company B's application for re-authorisation. The new account (that the senior individual was not aware of the existence of the Enforcement investigations, which meant that they saw nothing inaccurate in the answers to the questions) does not provide any comfort to the Authority that Mr Garipoglu's failure to disclose this information on Company B's application form was an honest mistake. Both the timing and content of this change of account raises additional questions. For example, how could the senior individual at Company B have been unaware of the Authority's investigation into Mr Garipoglu in circumstances where they were in direct contact with each other? Additionally, it is implausible that Mr Garipoglu could have trusted the senior individual to**

**complete the Controller Form accurately in circumstances where he had not revealed the existence of the investigations. The Authority also considers it appropriate to give only limited weight to the witness evidence regarding these events, as the witnesses are unable to speak directly to what Mr Garipoglu's intentions were when he signed the Controller Form.**

- 26. As the Authority has concluded that Mr Garipoglu acted dishonestly when he failed to disclose material information on the Controller Form, it considers that this type of behaviour falls under EG 9.3.5 and is conduct which could reasonably be deemed to merit the imposition of a prohibition order.**
- 27. The Authority considers that the decision in the case of Mr Kaarman clearly relates to very different factual circumstances to Mr Garipoglu's case, and therefore is of limited relevance to its assessment of the Application Form Allegations. Also, as explained above, the Authority does not accept Mr Garipoglu's assertions that his false responses on the Controller Form were merely careless, and so the fact that Mr Kaarman was not prohibited does not indicate that it would be inconsistent or otherwise inappropriate to impose a prohibition order on Mr Garipoglu in relation to this misconduct.**

### **The proposed imposition of a prohibition order**

#### The statutory and regulatory regime

28. A finding that an individual is not 'fit and proper' is necessary but not sufficient for the imposition of a prohibition order. The use of the word 'may' in section 56 of the Act shows that a finding of lack of fitness is not necessarily sufficient in and of itself. The Authority must consider the wider picture and the burden lies with the Authority to show, on the balance of probabilities, that a prohibition order is necessary in all the circumstances of the case. In this case, this includes addressing why an unfit individual with no dealings in the UK (see further below) is nevertheless still a risk to UK consumers and/or the UK financial system.
29. The Authority's Enforcement Guide outlines the relevant principles to be applied by the Authority when considering whether to impose a prohibition order. EG 2.1.2(2) states, amongst other things, that the Authority will exercise its enforcement powers in a manner that is proportionate to the risk that the individual in question poses. The Authority may exercise its power to make a prohibition order against an individual in order to achieve any of its statutory objectives (see EG 9.1.1), which are set out in section 1B of the Act and are UK-centric. The operational objectives relevant to this matter are consumer protection and integrity. The scope of a prohibition order will depend, among other things, on the reasons why the individual is not fit and proper and the severity of the risk which they pose to consumers or the market generally (see EG 9.2.3, 9.3.2 and 9.5.1). There is no scope for a prohibition order to be made unless the Authority can show that there is at least some risk to UK consumers or the UK financial system.

30. The case law in this area demonstrates that the Authority may only impose a prohibition order on an individual where it is necessary to do so (*Frensham*<sup>1</sup>, *Seiler*<sup>2</sup>), that this is also subject to demonstrating the severity of the risk that the individual poses to consumers and the UK financial system generally (*Atlantic Law LLP*<sup>3</sup>) and that such a risk should be shown to be significant. Usually, where a person is shown not to be fit and proper it follows that they present a significant risk to UK consumers or the UK financial system. However, the case authorities show that unless the individual presents such a significant risk, no prohibition order should be made<sup>4</sup>, and that some risk must be established<sup>5</sup>. It is also apparent from *Rayner*<sup>6</sup> that a prohibition order should be a remedy of last resort, that is to say when other steps available to the FCA are inadequate.

31. The Authority must therefore show that imposing a prohibition order on Mr Garipoglu is necessary to protect UK consumers and the integrity of the UK financial system and that the undertakings and assurances offered by Mr Garipoglu (see below) are not sufficient to meet these objectives. The risk posed by Mr Garipoglu must be significant and the Authority should be cautious to avoid making a prohibition order for simply punitive or deterrent reasons as opposed to protective reasons. As set out further below, the Authority has not established that Mr Garipoglu presents a significant risk to UK consumers or the UK financial system and so a prohibition order should not be imposed on him.

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<sup>1</sup> *Frensham v Financial Conduct Authority* [2021] UKUT 222 (TCC) at paragraph 24.

<sup>2</sup> *Seiler Whitestone and Raitzin v Financial Conduct Authority* [2023] UKUT 133 (TCC) at paragraph 915.

<sup>3</sup> *Atlantic Law LLP and another v The Financial Services Authority* (Case no. FIN/2009/0007) at paragraph 98.

<sup>4</sup> *Hoodless and Blackwell v FSA* [2003] paragraphs 104-106.

<sup>5</sup> *Michael Lee Thommes v Financial Services Authority* [2012] Lexis Citation 209 at paragraphs 124-125.

<sup>6</sup> *Rayner and Townsend v The Financial Services Authority* (2004) Tribunal Decision No 009 at paragraph 93.

**32. The statutory and regulatory framework provides that:**

- a. The Authority may make a prohibition order if it appears to it that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person (section 56 of the Act). The Authority considers that the use of the word 'may' is permissive, meaning that the Authority has the discretion to impose a prohibition order where an individual is not fit and proper, but is not obliged to do so;**
- b. The Authority may make a prohibition order where it considers that to achieve any of its statutory objectives it is appropriate to prevent an individual from performing any function in relation to regulated activities (EG 9.1.1);**
- c. When the Authority is considering making a prohibition order against a person who is not an approved person, it will consider the severity of the risk posed by the individual and may prohibit the individual where it considers this is appropriate to achieve one or more of its statutory objectives (EG 9.5.1); and**
- d. When deciding whether to make a prohibition order the Authority will consider all the relevant circumstances of the case, these may include:
  - i. Whether the individual is fit and proper (EG 9.3.2(2));**
  - ii. The relevance and materiality of any matters indicating unfitness (EG 9.3.2(5));**
  - iii. The length of time since the occurrence of any matters indicating unfitness (EG 9.3.2(6)); and**
  - iv. The severity of the risk which the individual poses to consumers and to confidence in the financial system (EG 9.3.2(8)).****

**33. In this matter, for the reasons set out in this Notice and summarised in paragraphs 60-65 below, the Authority has decided that Mr Garipoglu is not fit and proper and presents a risk to UK consumers and to confidence in the UK financial system of sufficient severity that it is both appropriate and necessary to impose a prohibition order on him to achieve its consumer protection and integrity objectives.**

**34. With regard to Mr Garipoglu's assertion that a prohibition order should be a remedy of last resort where the Authority's statutory objectives cannot be met by the use of other powers or sanctions, the principle in question referred**

**to in *Rayner* derives from the previous wording in the Handbook (ENF 8.5.1A) and this wording is currently reflected in EG 9.3.1. Neither ENF 8.5.1A nor EG 9.3.1 apply directly to this case as Mr Garipoglu is not an approved person. However, whilst these provisions envisage that the Authority will consider other formal regulatory actions available to it, the Authority does not accept that it is required to consider voluntary measures of the type proposed by Mr Garipoglu (see below at paragraphs 38-39) as an alternative to a prohibition order.**

- 35. Further, the Authority does not accept that there is an obligation on it to show that the undertakings and assurances offered by Mr Garipoglu are not sufficient to meet the objectives of protecting UK consumers and the integrity of the UK financial system (see further paragraphs 43-53 below).**

Mr Garipoglu's contact with the UK financial system and UK consumers

36. Mr Garipoglu now has no involvement in the provision of financial services within the group of companies that he owns and has no contact whatsoever with the UK financial system and UK consumers. Company A, the only UK regulated entity controlled by Mr Garipoglu, has confirmed that it has applied to cancel its authorisation with the Authority and is in the process of closing the accounts of UK customers. Company A has also confirmed that Mr Garipoglu is not involved in the day-to-day management of the regulated entities in the group, and that the holding companies in the group, of which Mr Garipoglu is a director, do not influence the management of the regulated entities. Mr Garipoglu has not held an executive position in a UK financial services firm or any controlled functions since October 2017. In fact, Mr Garipoglu's only involvement in the regulated entities within this group of businesses over the past six to seven years has been to provide additional capital when asked to do so. There is no plausible reason to think that Mr Garipoglu's position would change and that he would operate again in the UK regulated sector.

- 37. The Authority does not agree with Mr Garipoglu's contention that he has no contact with the UK financial system. Mr Garipoglu has had significant interests in the UK financial services industry for almost 15 years and he remains the sole proprietor of two companies which have operated in the regulated sector and continue to have connections to it (albeit Mr Garipoglu has said that the businesses of these companies have permanently ceased): Company A, which is an authorised person (albeit it has applied to cancel its authorisation); and Company B, a UK company which was an authorised electronic money institution until July 2018 and which has referred the Authority's decision to refuse its application for re-authorisation to the Tribunal (albeit Mr Garipoglu has stated that the reference will be withdrawn). In addition, based on the evidence set out in this Notice, the Authority considers that there are reasonable grounds to believe that, if it were financially expedient, Mr Garipoglu would decide to operate again in the UK regulated sector, notwithstanding that he says that there is no plausible reason for him to change his position (see further below).**

## Undertakings offered by Mr Garipoglu

38. In order to alleviate any concerns that the Authority might have that Mr Garipoglu might decide to operate in the UK in the future, Mr Garipoglu has offered to give legal undertakings, a breach of which would be potentially punishable by imprisonment. These undertakings are: 1) that he will not participate directly or indirectly in the management of any business that provides financial services anywhere in the world; 2) he will ensure that the businesses he owns do not onboard any customers from the UK; 3) he will ensure and guarantee that all businesses that he owns do not currently have any customers from the UK; and 4) he will not perform any function in relation to any regulated activities by any authorised or exempt person, or exempt professional firm. To evidence his commitment to comply with these undertakings, he has also offered to provide a security in the sum of £2 million to be held in escrow which will be forfeited to the Authority if he breaches any of the undertakings. He will, therefore, self-eliminate any risk he poses by having no involvement in the provision of financial services within the group of companies that he owns. Mr Garipoglu has also taken the irreversible decision that none of his companies will operate in UK regulated activities.
39. To provide comfort to the Authority that Mr Garipoglu will comply with the undertakings, senior individuals within Mr Garipoglu's group of companies and at Company A have explained that various steps have been taken, and controls put in place, by Company A to prevent UK customers from being onboarded. These include website disclaimers, the inability for those opening an account to select 'UK' as their address, geolocation controls to block access to Company A's websites from UK IP addresses, and the compliance function of each entity reviewing customer lists on a quarterly basis to ensure that no UK customers have been onboarded inadvertently and that, if a UK customer has managed to open an account, it will be closed. Company A has also offered to instruct an independent third-party auditor to provide regular certification to the Authority that these controls are in place and are preventing UK customers from opening accounts and to ensure that Mr Garipoglu is complying with the undertakings. A senior manager in Mr Garipoglu's group of companies has also offered to certify to the Authority on an annual basis that the group's regulated entities do not have accounts held by UK customers and to notify the Authority if there is any material change to their role or position.
40. Mr Garipoglu has also offered an agreed joint public statement on this matter, which would enable the Authority to achieve transparency in its regulatory outcomes and to send a deterrent message to the market.
41. There is no plausible motive for Mr Garipoglu to breach any of the undertakings. He has already withdrawn from the UK and has extensive non-UK interests. Any breach would be identified, would risk criminal sanctions and the significant financial loss of the security he has offered, and would inevitably result in a prohibition order.
42. The Authority has previously accepted undertakings of a similar nature to those proposed by Mr Garipoglu, restricting individuals whom the Authority considered were not fit and proper from involvement in the business of firms authorised by the Authority. Mr Garipoglu referred the Authority to two such cases and also drew attention to a practice of accepting such undertakings of this nature by the Authority.

43. **As explained at paragraph 35 above, the Authority considers it is under no obligation to show that the undertakings offered by Mr Garipoglu are not sufficient to protect UK consumers or the integrity of the UK financial system, or to consider them as an alternative to a prohibition order. In any event, the proposed undertakings are not an acceptable alternative to a prohibition order and the Authority does not consider that, on the facts of this case, they provide a reliable safeguard against the risk posed by Mr Garipoglu.**
44. **An undertaking does not engage the important and comprehensive statutory safeguards which make a prohibition order workable. In particular, section 56(6) of the Act imposes a statutory requirement on all authorised persons to *“take reasonable care to ensure that no function of his, in relation to the carrying on of a regulated activity, is performed by a person who is prohibited from performing that function by a prohibition order”*. The ability of an authorised person to comply with this requirement depends, to a large extent, on the provisions of sections 347(1)(g) and 347(5) of the Act, which require the Authority to maintain a record of every individual to whom a prohibition order relates and to make that record available for public inspection. Neither of these safeguards are engaged by an undertaking, which therefore contains none of the protective policing methods which the Act provides in relation to a prohibition order.**
45. **Further, section 56(4) of the Act creates a specific criminal offence for a person who breaches a prohibition order. This would not apply to the undertakings. In circumstances where Mr Garipoglu resides out of the jurisdiction, the Authority considers that it is difficult to see what sanction would realistically follow from a breach. Moreover, the Authority would have no statutory power to impose a financial penalty for a breach of an undertaking. In addition, sections 56(7) and 58 of the Act provide a specific procedure for an individual who wishes to apply to vary or revoke a prohibition order, but there is no specific procedure under the Act or in the Handbook (or otherwise) which would apply where an individual wishes to vary or revoke undertakings such as those proposed by Mr Garipoglu. To this extent, the undertakings would deprive Mr Garipoglu of the procedural safeguards which would apply were he subject to a prohibition order.**
46. **The Authority considers that the proposed undertakings proceed on a potentially unworkable basis in that, while Mr Garipoglu undertakes that he will not intervene in the management of companies providing financial services, at the same time he also undertakes to ensure that those companies do not onboard UK consumers or operate in the UK. The Authority considers that there is some doubt as to how these two elements can be reconciled such that Mr Garipoglu is able to achieve both at the same time.**
47. **The Authority would have no way of monitoring whether Mr Garipoglu was in compliance with the undertakings or whether Mr Garipoglu’s group of companies will maintain the controls preventing customers from being onboarded on an ongoing basis. Even if the Authority was granted access to the records of Mr Garipoglu’s group of companies, it would not be practicable for the Authority to undertake this monitoring. Furthermore, an independent third-party review, as suggested by Mr Garipoglu, would only be retrospective**

and would not address a present risk of Mr Garipoglu being involved in the management and decision making of such companies, thus not satisfying the Authority that his ongoing risk to UK consumers would be mitigated.

48. **The escrow agreement, pursuant to which the £2 million pledged by Mr Garipoglu as security against any potential breach of his undertakings will be held, is for a term of 10 years and is stated to be "until further Order". This appears to leave open the possibility that he will seek to apply to vary or discharge it at some point. In addition, based on his past conduct and the extent of his wealth (which the Authority understands amounts to in excess of US \$200 million), the Authority cannot be confident that the risk of forfeiting £2 million for breaching the undertakings would constrain Mr Garipoglu in the event that he thought that it was financially expedient to do so. As set out in this Notice, there have been numerous instances where Mr Garipoglu directed or promoted the implementation of improper courses of action on the basis that he believed they would generate profits net of regulatory penalties and/or criminal sanctions, and as explained above, the Authority is not satisfied that Mr Garipoglu is now a changed man. Further, it is not appropriate for the Authority to accept undertakings from an individual on the basis they are willing to put forward a substantial financial security; that would be tantamount to the Authority offering a route for wealthy individuals to avoid prohibition which would not be open to those who did not have the means to do so.**
  
49. **Similarly, the Authority does not consider that it should or can reasonably place reliance on Mr Garipoglu's statement that he will 'self-eliminate' his risk by taking an irreversible decision to exit the UK financial services industry. As demonstrated by the facts and matters set out in this Notice, Mr Garipoglu has repeatedly dishonestly sought to mislead the Authority and other regulatory bodies, and the evidence indicates that, if he thought it was in his financial interests, Mr Garipoglu would have no compunction about reversing his decision.**
  
50. **Further, as mentioned above (see paragraph 12), Mr Garipoglu has acknowledged that he withheld material information about the Authority's investigation of him from his group of companies, including senior compliance staff, and his legal representative has confirmed that he was misled by Mr Garipoglu prior to the Warning Notice being issued, which supports the Authority's view that it cannot place reliance on the group's control framework to ensure that the voluntary measures are effective and that he complies with the undertakings.**
  
51. **Whilst Mr Garipoglu has suggested that an agreed joint public statement may be possible, the undertakings would not fulfil the Authority's commitment to achieving transparency in its regulatory outcomes. This is not surprising in circumstances where Mr Garipoglu's clear objective in proposing the undertakings instead of a prohibition order is to avoid negative publicity for him and his group of companies.**

52. **In the Authority's view, the assertion that there is no plausible motive for Mr Garipoglu to breach the undertakings carries very little weight. This is especially so in circumstances where he has now (belatedly) admitted misconduct with respect to several other occasions where he had previously claimed not to have had a motive in falsely denying the same misconduct. For example: the misconduct in respect of the forged April 2014 Gas Bill; asking colleagues to take mandatory AML courses on his behalf; and the preparation of a fake university certificate for submission to the BVI Financial Services Commission. In respect of the BVI information, the Authority notes that a letter drawing this to the attention of the BVI Financial Services Commission was only sent by Company A on 24 November 2022 after this was raised with Mr Garipoglu during an Enforcement interview with the Authority in October 2022.**
53. **In addition, the stated disincentives to breaching the undertakings are, in the Authority's view, exaggerated. Given the concerns outlined above as to the effectiveness of the voluntary measures, the Authority is not satisfied that a breach would necessarily be identified. If a breach was identified, as Mr Garipoglu resides outside of the jurisdiction, it is difficult to see what sanction would realistically follow from a breach (see paragraph 45 above); the Authority is not confident that the risk of forfeiting the £2 million security would constrain Mr Garipoglu (see paragraph 48 above); and a prohibition order would not automatically follow as the breach would need to be investigated.**
54. **The undertakings accepted by the Authority in the two previous cases referred to by Mr Garipoglu can be distinguished from the undertakings proposed in this case. The first of these cases involved a change in control application under Part XII of the Act, in which the application was approved with conditions pursuant to section 187 of the Act. The assessments of such applications are made by the Authority's Authorisations Department (Authorisations) in accordance with the statutory framework set out in Part XII of the Act. In this case, Mr Garipoglu is proposing voluntary measures as an alternative to imposing a prohibition order on him, with the purpose of mitigating the Authority's concerns that he poses a significant risk to UK consumers and the UK financial system. As decision making in relation to Authorisations and Enforcement matters is separate and there is no equivalence between Part XII of the Act and sections 56 to 58 of the Act (which contain the provisions relating to prohibition orders), the Authority considers that this first case is not relevant to the question of whether or not a prohibition order should be imposed on Mr Garipoglu. The key difference between this scenario and this change in control case is that in the case of Authorisations' decision making, the voluntary measures are proposed as a condition of achieving authorised status for a firm, whereas Mr Garipoglu proposes the undertaking as a form of sanction for misconduct which has been investigated, alleged and admitted.**
55. **The second case referred to by Mr Garipoglu involves attestations provided to Authorisations in the context of an application for authorisation pursuant to Part 4A of the Act. Attestations are a supervisory, not an enforcement, tool, therefore the Authority considers that the second case is also not relevant to**

**the question of whether a prohibition order should be imposed on Mr Garipoglu. The Authority also notes that even in a supervisory context, its approach is not to use attestations where there has been a history of non-compliance and/or when there is a need for publicity of the action which has been taken.**

**56. The Authority acknowledges that, when the Authority was known as the Financial Services Authority, it accepted undertakings in respect of the outcomes of five Enforcement investigations. However, the Authority has not identified any instances of undertakings being accepted in place of a prohibition order since 2010. Accordingly, it is therefore not the Authority's practice to accept undertakings in the context of Enforcement investigations. In any event, as explained above, the Authority does not consider that the undertakings/voluntary measures proposed in this case are an acceptable alternative to imposing a prohibition order on Mr Garipoglu.**

#### The risk posed by Mr Garipoglu

57. The Authority has not addressed the grounds on which Mr Garipoglu poses a risk to UK customers and/or the UK financial system save for making out its case with regard to his lack of honesty and integrity.

58. When fairly balanced against the weight of the evidence, it is not plausible, let alone likely, that Mr Garipoglu poses a significant risk to the Authority's consumer protection and integrity objectives. In particular, the following matters demonstrate the lack of risk that Mr Garipoglu poses:

- a. the historical nature of most of the allegations;
- b. Mr Garipoglu has matured considerably and is a changed man since the main period in question, as is supported by evidence from highly reputable colleagues;
- c. Mr Garipoglu has not performed a controlled function since 2017;
- d. Mr Garipoglu's management roles in recent years have not touched the financial sector;
- e. there is compelling evidence to show that Mr Garipoglu does not intend to work in the UK regulated sector either now or in the future;
- f. there is no plausible motive for Mr Garipoglu to breach his word;
- g. the undertakings offered are stringent and credible and there is no reason to think they will not be honoured; and
- h. Mr Garipoglu risks imprisonment and a substantial financial penalty if he does not stay away from the UK regulated sphere.

59. Mr Garipoglu therefore does not represent a significant risk to the UK regulated sector and so no prohibition order should be imposed on him. If a prohibition order was imposed, it would be purely punitive, and would not further any of the Authority's statutory functions.

**60. The Authority does not accept Mr Garipoglu's assertion that he does not pose a risk to the consumer protection objective or the integrity objective. On the contrary, the Authority considers that he poses a significant risk. His**

**behaviour, as described in this Notice, demonstrates a clear pattern of and propensity for serious misconduct which is deliberate, lacking in honesty and/or integrity and often motivated by financial gain. The risk he poses is particularly significant because, as the sole proprietor of a global financial services group, he has the ability to influence companies in the group (which include two companies which continue to have connections to the UK financial sector) and in the past his influence has been evidently harmful (for example, at Company A he contributed to an environment in which there was a disregard for compliance and regulatory requirements and positively encouraged serious misconduct among staff).**

- 61. Mr Garipoglu's misconduct took place between April 2012 and December 2022 and at all times was serious and involving a lack of honesty and integrity, so cannot be dismissed as historic. It was not until he received the Authority's Warning Notice that Mr Garipoglu made admissions in respect of the Historical Allegations and Lack of Candour Allegations, and as explained above the evidence strongly indicates that he is not a changed man. Mr Garipoglu also continues to contest the 'Application Form Allegations' in circumstances where the Authority considers that the evidence indicates that it is implausible that this was an honest mistake.**
- 62. For the reasons outlined above, the Authority does not consider the proposed undertakings to be an acceptable alternative to a prohibition order. Mr Garipoglu repeatedly and dishonestly sought to mislead the Authority and other regulatory bodies, and so the Authority considers that he cannot be taken at his word when he says that he will comply with the proposed undertakings and self-eliminate the risk he poses (see paragraph 49 above). The evidence instead indicates that, if it were financially expedient, Mr Garipoglu would be willing to reverse his decision to exit the UK financial services industry, participate in the management of his financial services companies or permit his companies to onboard UK customers.**
- 63. Indeed, as the sole proprietor of his group of companies it would be open to Mr Garipoglu to cancel the voluntary measures at any point. Given that these measures are non-statutory and would occur in a procedural vacuum, it is entirely conceivable that Mr Garipoglu would seek to unravel these arrangements after the event. As explained in paragraphs 52 and 53 above, Mr Garipoglu's assertion that he has no plausible motive for breaching the undertakings carries very little weight and the stated disincentives to breaching the undertakings are exaggerated.**
- 64. Further, were the Authority not to prohibit Mr Garipoglu on the basis that he is exiting the UK financial services industry, this would create a precedent which would, of itself, create a broader risk to the consumer protection and integrity objectives. It would signal to bad actors that they can avoid a public enforcement outcome if they conduct themselves improperly in the UK financial services industry and then exit it. In addition, published cases on this point makes it clear that expressions of present or future intentions not to work in the UK financial services industry do not in any way preclude the imposition of a prohibition order.**

**65. The Authority therefore considers it is appropriate and necessary for a prohibition order to be imposed on Mr Garipoglu, as he poses a significant risk to UK consumers and the integrity of the UK financial system. It should also have a deterrent effect, as it will send a message to the UK financial services industry that the misconduct set out in this Notice constitutes unacceptable behaviour which the Authority will not tolerate.**

Prejudice flowing from a prohibition order

66. The imposition of a prohibition order on Mr Garipoglu would affect him in areas which are not the intended target of the sanction. Other parties may hear of the prohibition order without appreciating or concerning themselves with the details and assume that he has been connected with serious financial crime.

67. The damage caused to Mr Garipoglu's businesses (none of which fall within the UK regulated sector) may be disproportionate to the intended protection afforded by imposing the prohibition order. Business competitors of Mr Garipoglu may exploit the notice and its contents to gain an advantage. Senior employees of companies connected to Mr Garipoglu may also find themselves guilty by association, and their livelihoods and businesses lost as a result.

68. Mr Garipoglu will also endure years of prejudice from which he may never recover as a result of such a notice. Thus, the impact of a prohibition order imposed on him because of his foolishness and immaturity in his twenties would stay with him into his fifties and beyond, along with many other individuals made to carry the consequences. This would be an unfortunate consequence where the evidence shows that he represents no risk, let alone a significant risk, to the UK-regulated sector.

**69. The Authority has taken into account all relevant circumstances in concluding that it is appropriate to impose a prohibition order on Mr Garipoglu. Whilst it is acknowledged that the imposition of a prohibition order may have a significant impact on Mr Garipoglu and his business interests (including his employees and clients), the Authority considers that this would not be disproportionate taking into consideration: (a) the seriousness of Mr Garipoglu's misconduct and the fact that there is no meaningful evidence of rehabilitation on his part; (b) that Mr Garipoglu poses a significant risk to the consumer protection objective and the integrity objective; (c) that almost all prohibition orders will have a financial impact on the individual concerned; (d) that not imposing a prohibition order on an individual because he owns corporate assets and is willing to put forward a substantial financial security, would result in the wealthiest individuals effectively being shielded from prohibition (see paragraph 48 above); and (e) the fact that the true cause of any such impact would be Mr Garipoglu's underlying misconduct and the resulting risk he poses.**

**70. The Authority also notes that Mr Garipoglu does not appear to have taken steps to mitigate the risk of harm to third parties, as he has admitted that he did not inform senior management of his group of companies about the Authority's investigation until after the Warning Notice was issued (see**

paragraph 12 above). Further, a senior compliance officer at Mr Garipoglu's group of companies has informed the Authority that there has been no obligation to disclose the Authority's investigation to the regulators of group companies located in other jurisdictions, which casts doubt on whether disclosures would be made in relation to the prohibition order, and therefore on whether a prohibition order would have the detrimental impact asserted by Mr Garipoglu.

71. As explained in paragraph 46 above, section 56(7) of the Act provides that the Authority may, on the application of an individual named in a prohibition order, vary or revoke it. Should Mr Garipoglu wish to avail himself of this provision he is able to do so. The Authority would assess any such application against the criteria in EG 9.6.1, but the Authority would need to be satisfied (amongst other things) that such a revocation would not result in a reoccurrence of the risk to consumers that resulted in the order being made.